FUTURE FOODSERVICE

BORD BIA Thinking House

GB Food To Go Trade Intelligence

>> 2022

Bord Bia GB FTG 2022
By FutureFoodservice

The research project

Background:

FutureFoodservice undertook a trade intelligence study on behalf of Bord Bia, of the UK Food to Go market, at the end of 2020, however Bord Bia recognise that 2021 has brought continued significant challenges and changes to the sector.

In order to keep pace with this changing landscape, Bord Bia have set out to build on the 2020 study by commissioning research that tackles the following specific objectives:

>> Highlight the changing dynamics in the sector
>> Showcase trends within the UK food to go market (predominately London)
>> Identify emergent product and channel opportunities

Research Methodology:

>> Site visits to a broad range of FTG retailers, convenience stores, coffee shops, and Street Food sites
>> Analysis of key market developments and consumer trends
>> Analysis of macro factors and drivers of change
>> In-Depth interviews with FTG retailers, buyers and wholesalers

Conducted by:

>> Simon Stenning – Founder FutureFoodservice
>> Gavin Rothwell – FTG market expert





Site visits to, and interviews with, FTG retailers:









Interviews conducted with:

Foodservice-led Operators -

1. Jim Attwood, MD, Coco Di Mama
2. Guy Meakin, Interim MD, Pret UK
3. Victoria Heap, Operations Director, Chop'd
4. Neil Sebba, MD, Tossed
5. Mark Lilley, MD, Abokado
6. Penny Manuel, MD, Soho Coffee Co
7. Lee Nixon, MD, Ole & Steen
8. Paul Hopper, MD, HOP Vietnamese
9. Spencer Craig, CEO & Co-founder, Pure
10. Matt Cundrick, Operations Director, AMT Coffee
11. Steve Jones, MD, Equinoxe Solutions, on behalf of Tortilla

Retail-led Representatives –

1. Danny Scobie, Head of FTG, Scotmid (CoOp)
2. Stephen Brown, Head of Foodservice, CJ Lang (Spar stores)
3. Helen Smale, Senior Manager Food for Now, ASDA
4. Michelle Levett, Retail Director, Rontec
5. Nicola Hobson, Head of FTG, AF Blakemore
6. Anneka de Korte, Development Manager, BP & Wild Bean Café
7. Ali Lyons, Head of café & BREW, Morrisons
8. James Simpson, MD, Foodservice Centre (Shell et al)

Discussion Guide for Interviews

Discussion Guide Outline:

1. Current Trading situation including adaptation to fluctuating levels of trade
2. Outlook for 2022 including new aspirations and/or new strategies
3. Emerging new patterns of trade, and evolving changes in consumer behaviours
4. Inflation and resultant pricing implications
5. Focus on value, and strategies to deliver value (promotions, meal deals, subscriptions etc)
6. Format development and location strategic directions
    - Any B2C channel opportunities identified and ways of reaching consumers
7. Environmental developments, focus and ambitions
8. Health & Wellbeing developments or focus, and longer-term views
    - Role of treating in any development plans - potential and interest
9. Long-term future picture for the industry, and for their business
    - Key sector developments seen as winning, or as challenging
10. Development opportunities identified, including formats, products, categories, plus styles, flavours, cuisines of food
11. Technology developments and implementation
12. Direction for supplier support and involvement
13. Potential for suppliers to approach, and how best
14. Supply Chain concerns post-Brexit

FUTURE // FOODSERVICE

BORD BIA Thinking House

Contents:

>> Executive Summary

Market Dynamics

Market & Consumer Trends

Future Developments

Appendix

The GB FTG Market 2022
>> Executive Summary

>> The FTG Market has been changed significantly by Covid, but is re-emerging with new developments, strategies, and approaches from operators.

>> Operators have moved towards where consumers are, rather than waiting for them to come to cities, but levels of trade are uncertain and have not stabilised yet.

>> Technology is being embraced by operators, either through digitalisation of order & pay, or through full-scale, app-based, cashier-less stores.

>> The FTG Market in 2021 has been calculated to regain some of the losses from 2020 lockdowns, growing to £20.8bn, but still (-13.3%) down on 2019 revenues.

>> Health & Wellness is a key trend for consumers, so operators are developing a wider range of products and offers aimed at making consumers feel better about grabbing FTG which is typically a convenience-driven mission.

>> Greater convenience is sought by consumers, so operators are developing solutions such as Drive-thru's, delivery-focused stores, but also, importantly, concentrating on store development closer to consumers working from home.

>> With neighbourhood offers becoming more important in line with working from home habits, so the local community becomes more important, and retailers are looking at ways to develop ties locally.

>> Sustainability is becoming a more significant determining factor in choice of FTG retailer, with those leading the way with real purpose and commitment set to win the hearts and custom of consumers.

>> FTG Retailers are competing hard with Fast Food and Street Food concepts, by creating more engaging experiences such as a greater range of hot food, collaborations with brands such as ASDA & Leon, or Sainsbury's & Coco Di Mama

>> Cuisines used in FTG are becoming more worldly, interesting and varied as consumers' repertoires expand.

Implications for Suppliers

>> Operators are struggling with understanding the stable levels of consumer habits, so they require more flexibility and support from suppliers, possibly concentrating on longer shelf-life products.

>> Re-assess key operator targets and consider targeting those who are located or developing in suburban locations, rather than city centres. Smaller emerging concepts could be big winners.

>> Recognise that technology plays a critical part of FTG development, so ensure that products are created, developed and packaged, with scanning and automation in mind.

>> Concentrate NPD on products that have a degree of wellness and better-for-you qualities, however, also recognise that worthy foods also need to have a wow factor.

>> The FTG market is set to regain much of its lost ground during 2022, so there are growth opportunities; volumes will increase and will build throughout 2022 as life returns to the new normality.

>> As convenience becomes more important for consumers, so operators are developing more convenient solutions, such as Drive-Thru's; concentrate development on products that suit those particular demands.

>> Seek to support operators with local, community-focused developments, and through products with greater purpose. Consider charitable activities to support.

>> Packaging of products has to become more environmentally friendly, so any developments in that area will be well-regarded and sought by operators. Concentrate efforts on real changes, not just token efforts.

>> Fast Food and Street Food are desired by consumers, so retailers are trying to mimic and provide credible alternatives, so NPD activity should look to incorporate some elements of these trends

>> As consumers seek more interesting flavours and worldly tastes, opportunities exist to find the next Chicken Katsu; these shouldn't take consumers too far from familiarity, however.

Summary of Opportunities - **Foodservice-led** operators' perspectives

>> Support is required for **greater innovation**, based around premiumisation of the offer and the experience

>> Greater understanding of **changing consumer behaviours** and demands will help operators significantly.

>> There have been extensions to supply chains, to provide fall-back support, but **consolidation** may well return. **Back-up will be essential** though.

>> **Multi-purpose** ingredients and products are key, as is **simplification** of the supply chain, with longest possible shelf-life.

>> CPU's are being used to support store teams and reduce labour requirements; these create **volume opportunities** for complex products.

>> **Sustainability** is no longer a nice-to-have and can be a **differentiating factor** in choice of suppliers.

>> Whilst there is a slower pace of expansion, and caution remains, there are **positive expectations** of further growth in FTG

Summary of Opportunities – the **Retailer** viewpoint

>> **Much change** is under way as retailers look at their propositions and assess whether they're fit for future purpose.

>> There's a great opportunity for **forward thinking, experienced food-to-go suppliers** to use their knowledge to **support retailers**

>> There's lots of scope for conversations with retailers, and a strong desire to engage with and **build deeper relationships with suppliers.**

>> **The Irish food-to-go reputation continues to resonate as a positive** in GB. Experience in this is a door-opener for many.

>> **Better for you** is a better descriptor of the trend than 'health'. Having the journey and strategy, rather than just the one-off tactic, here is key.

>> We are at a tough time right now, but **there's significant appetite to look beyond this from many retailers.**

>> There's much optimism around the future opportunity for food-to-go. **Thinking multichannel in solutions is increasingly key.**

FUTURE // FOODSERVICE

BORD BIA Thinking House

Contents:

Executive Summary

>> Market Dynamics

Market & Consumer Trends

Future Developments

Appendix

Market Dynamics

In this chapter:

1. Summary of Macro Factors driving changes in the FTG market
2. Macro factors impacting the FTG market
3. Impact Factors:
   a) Travel
   b) Loss of City Centre Trade
4. Go To Customer developments
5. Delivered Foodservice developments for FTG
6. Trading Challenges
7. Importance of Value
8. Technological Changes
9. The FTG Market:
   a) FTG Market value 2021
   b) Development of FTG Market over time
   c) Polarisation of FTG
10. FTG Market Opportunities overview

The factors that have driven major changes in the market, and the key developments and opportunities that have arisen.

Macro Factors Driving Changes Summary (1)

>> Economic

- 2021 has been a **mixed year economically**, lurching from lockdown affecting business through to June, to a **boom time over the summer** once restrictions were lifted.
- **Government support** for business and employment has kept the economy from failing, although **levels of debt** are significant, both for the Govt. and for companies.
- Consumers have mainly been **protected by the furlough** scheme, and by **reducing expenditure**, but not all, with many of those furloughed losing income.
- Two concerns arise at the end of 2021, with a **high number of job vacancies**, and **rising inflation**, both of which can stymie the recovery.
- Inflation may well lead to **higher interest rates** which will **reduce disposable income**, affecting **discretionary spend** in the FTG Market, although previous recessions have seen **FTG weather the storm** better than other foodservice channels.

>> Societal

Consumers have become **adept at adopting digital & online** behaviours, and to **working in different ways**, which have a knock-on effect for FTG, as follows:

- **City centre trade has been slow to return**, with levels c.30% below 2019 levels.
- **Suburban sites** are performing much better
- Labour resource costs and availability can be **offset by digital** ordering screens
- **Experiences are important** for those consumers who work at home most of the time, upon returning to the office
- **Purpose has become very important** for consumers, recognising the need to care for society better than previously, which means FTG retailers need to **demonstrate care** for more than simply making money.
- **Work/Life balance** is more important to consumers, but there is still demand to fit a lot in to life.

Macro Factors Driving Changes – Summary (2)

>> Environment

- Something that was previously a nice-to-do, is **now more important than ever,** as Governments, corporates and consumers all seek to **reduce our impact on the environment.**
- FTG operators are **seeking to stand out with their environmental credentials**, and those that do will win over more consumers; those that don't will **potentially lose a proportion of their customer base.**
- Operators are facing **pressure to change their packaging** solutions but are also finding a greater number of alternatives with **reusable products**, or with **recycling and waste management** solutions; these are becoming more important every day.
- By **leading with environmental credentials**, FTG operators can win in a competitive market, however it is critical to remember that **food quality is still the most important factor**.

>> Technology

- Advances in digital technologies for **ordering and paying,** as well as **personalisation,** have been embraced by consumers and FTG operators alike.
- Consumers' **usage and acceptance** of digital ordering and paying has been **accelerated by the pandemic**, whilst FTG operators have sought to **focus their labour resources** onto production of fresh and personalised food, **replacing front of house resources with digital order screens**.
- There are still some **barriers to complete acceptance** of digital order and pay apps within the wider hospitality market, with operators believing that the personal touch is most important, however as **consumers seek faster service, these barriers will come down** – who wants to wait to pay the bill when it can be done seamlessly by mobile device?
- **Loyalty-based apps** are key for operators to engage further with their customers and reward them.

Macro Factors impacting FTG Market

>> Societal

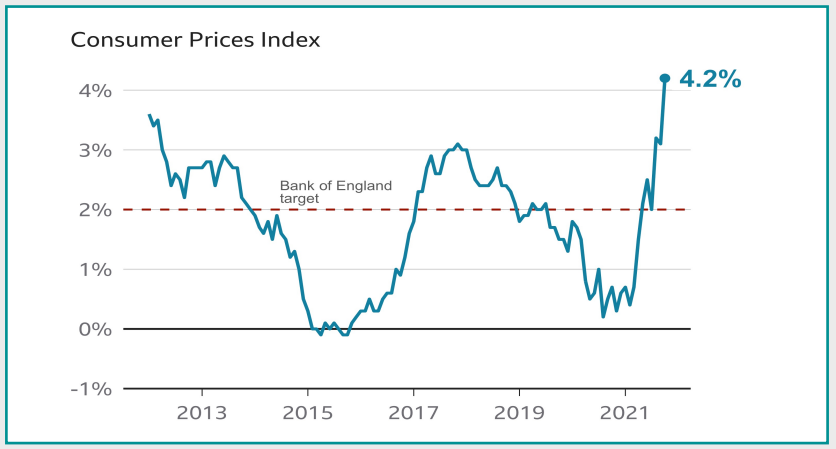
>> Technology

>> Environment

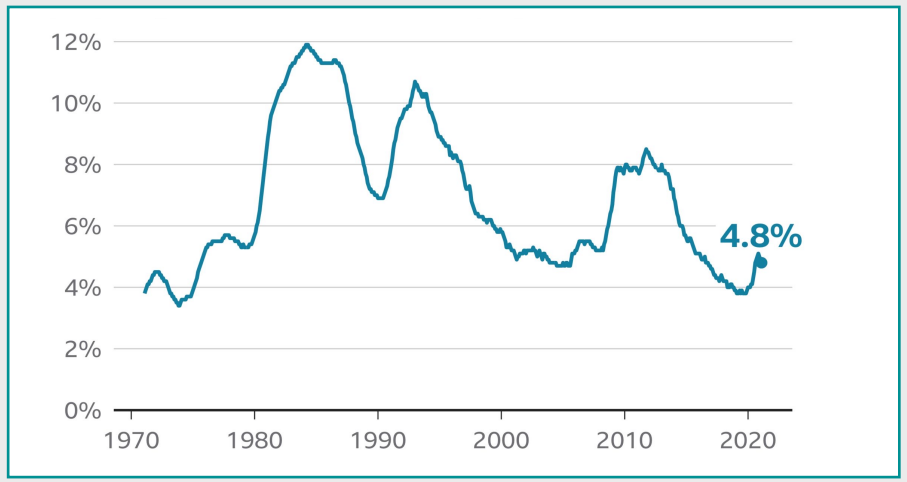
>> Economic



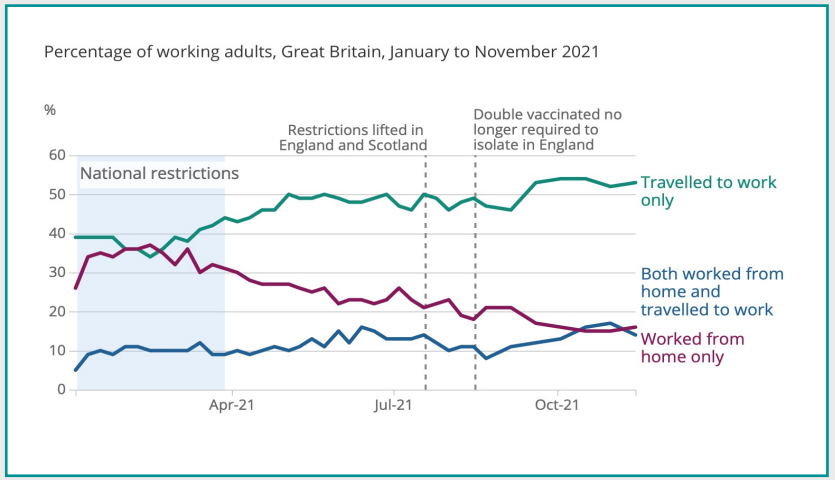
Consumer Confidence remains in negative territory, falling back to -17 in October 2021 before rising in November to -14



Inflation has risen dramatically in the 2nd half of 2021, as demand has increased. Expectations are that this will continue to rise in 2022



Unemployment in the UK has not been the problem that was expected, due to the extension of the furlough scheme to the end of September, with the rate only rising to 4.8%. The current problem is job vacancies.



Since the start of September 2021, 16% of workers have worked from home only, 54% have travelled to work, and 15% have been hybrid working. (15% are not at work from illness or holiday)

Sources: ONS / GFK

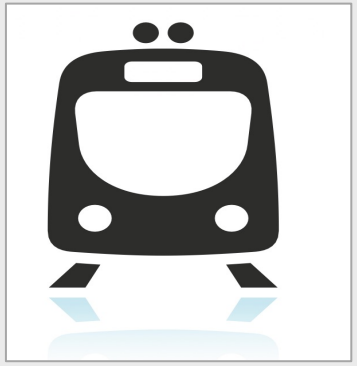
Impact Factors - Travel

>> Societal

>> Economic








Cars –	90% of 2019 levels
Light Commercial -	110%
Heavy Commercial -	109%

Source: ONS / TFL

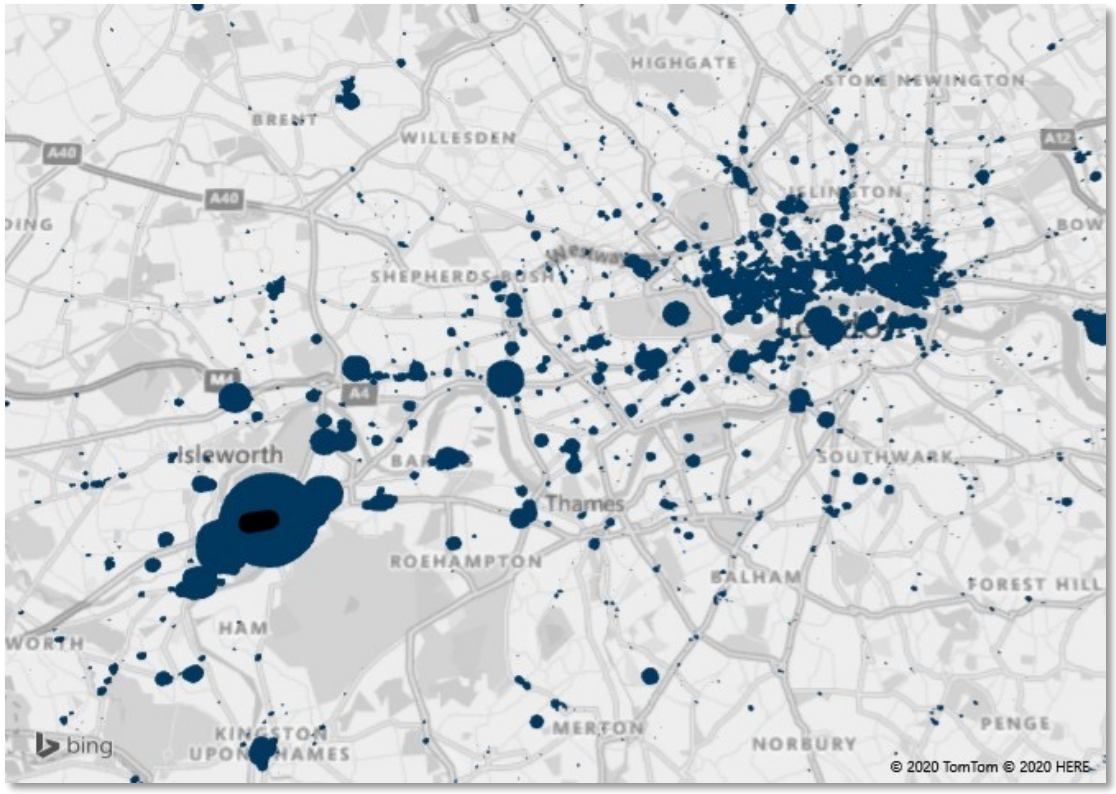
Tube -	63% of 2019 levels
Rail -	65%
Bus -	76%

Source: ONS / TFL

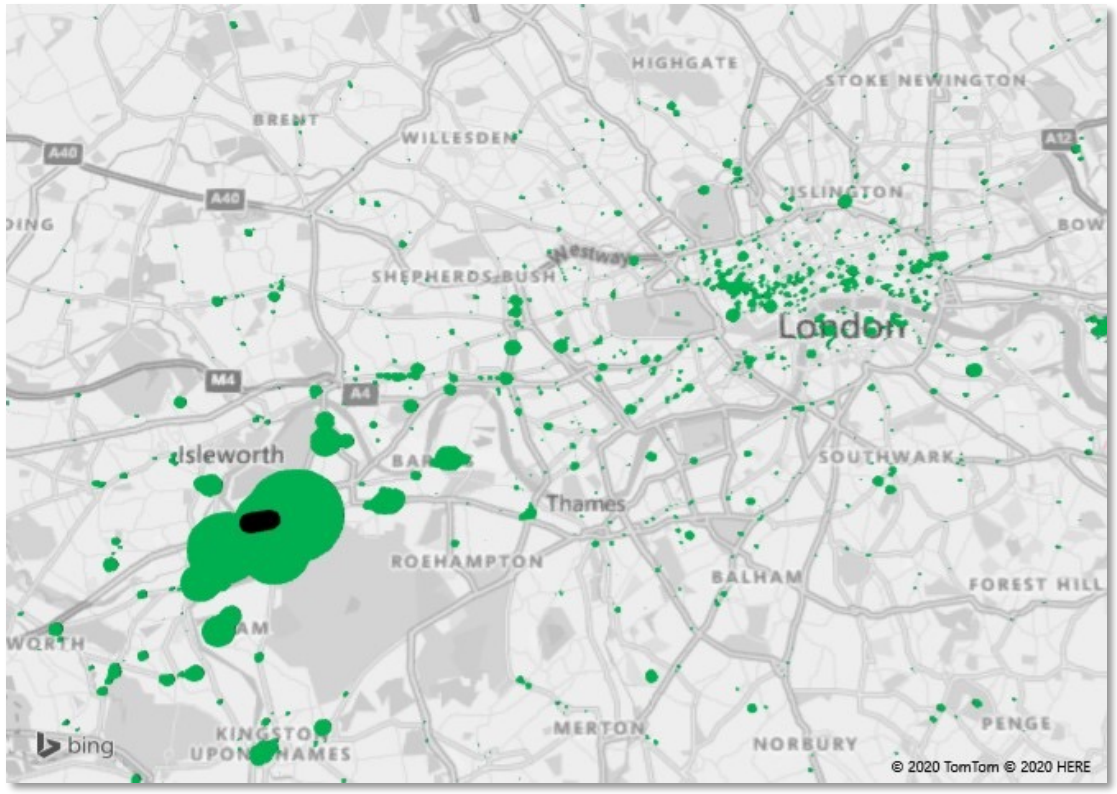
Roadside traffic levels have developed strongly since lockdown, and as a result FTG operators in these locations have been benefiting; there has been a switch from public transport to cars as well as a switch from in-bound international tourism to domestic staycations, which have helped boost roadside FTG trade.

Public transport has not fared so well, with levels still 25-35% below 2019 levels of usage; this reflects the retention of working from home habits for those that previously commuted, resulting in Tuesdays, Wednesdays and Thursdays being the busiest mid-week on tubes and buses, whilst Mondays and Fridays are considerably quieter.

Impact Factors – Loss of City Centre Trade



PRE-COVID -
residents of Richmond made 35% of all their spend at Coffee /Sandwich retailers within Zone 1 of London (Source: HDI)



DURING COVID –
residents of Richmond only make 10% of all their spend at Coffee /Sandwich retailers within Zone 1 (Source: HDI)

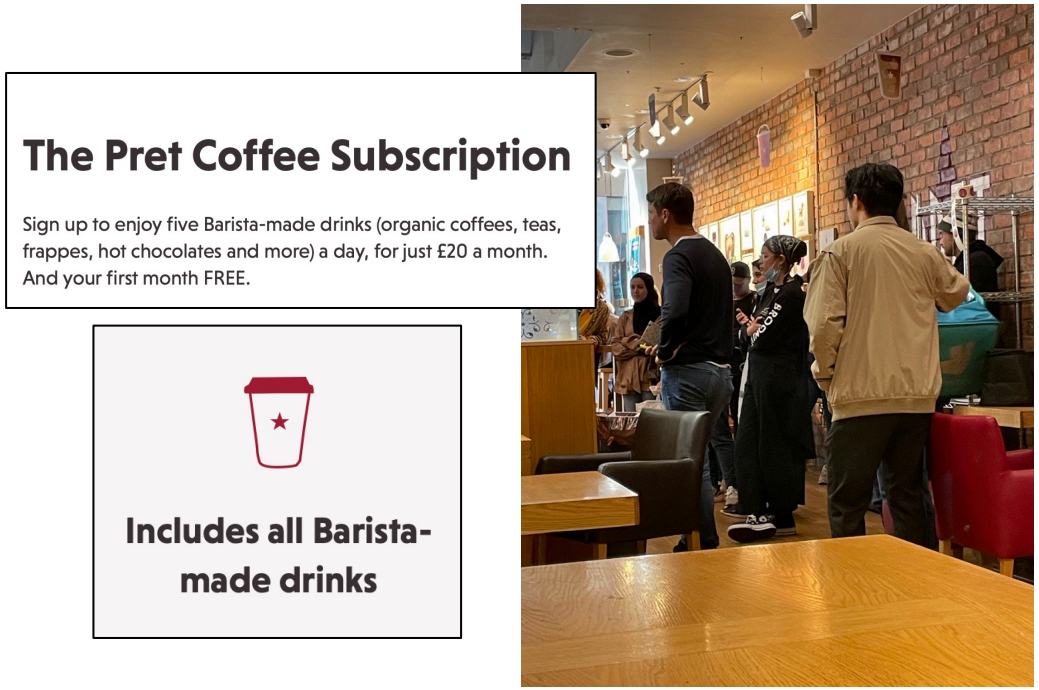
Impact Factors – Lack of City Centre Trade

>> Economic

Lockdowns and instructions to work from home, led to catastrophic situations for many FTG specialists; Tossed, HOP and Chop'd all went through an administration process, resulting in closed stores and written-off investments. Pret A Manger which had recently been bought by JAB Holdings, and had subsequently acquired the EAT business, was equally affected, but the strong backing of JAB encouraged the business to take some radical steps to re-build the business; this is best described by Trading Director, Guy Meakin, when interviewed at the Lunch Show, below:

Discounting an already good-value product is difficult to stick with without eroding margins and brand equity, however with such a dramatic fall-off of customers, it was, and remains, an important tool in FTG retailers' armoury. The key to delivering value through a discounted subscription offer is to be able to turn that into a loyalty scheme that delivers increased range of benefits to customers, which increases the stickiness, even when the economic momentum is increasingly positive. Customers will remember and remain faithful, however the quality of the offer and service is paramount.

Pret A Manger was "brought back from the dead" by its coffee subscription service, according to its UK trading director Guy Meakin.
Launched in September 2020, the scheme allows customers to enjoy five barista-made drinks a day for £20 a month – and has recently expanded to the US and France. It was one of many projects Pret launched to combat the effects of covid lockdowns – including Pret at Home, delivery, click and collect, roadside partnerships and Pret Express – but is the one Meakin is most proud of. "We've made many changes and decisions over the last year or so, but our coffee subscription has been a great success, and we're proud of what we achieved there. Back in April (2020) we had no income at all – zero income – no delivery business, no consumer packaged goods, no kitchens open, nothing at all. We were burning cash and had been for many months. We were almost dead and reacted with an amazing initiative that really brought us back, and really fought for the share we used to have and continue to aspire to have. It's an amazing tool for that. It's also a really great way to broaden our customer base, build our market share and drive frequency – and we've certainly seen those things happen. Building that data relationship with our customers really enhances the relationship they have with us, so we're really keen to get on that journey, which Pret has probably been slow to previously."



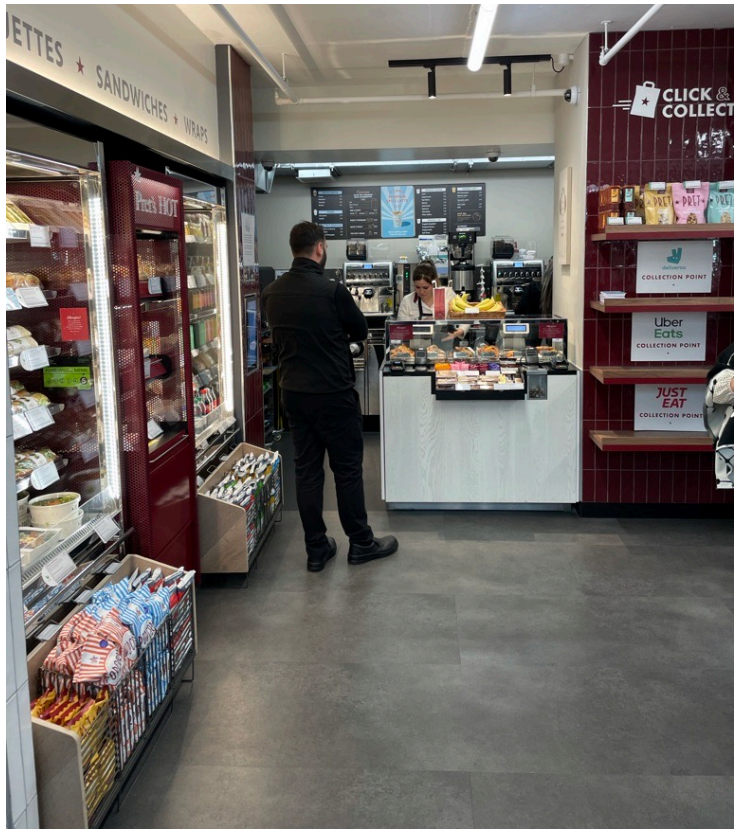
Above: Queuing customers in Pret waiting for coffees to be made.

Operator Reactions - Go To Customers

>> Societal

Recognising the challenge of consumers working from home, either through lockdowns or from a rise in hybrid working methods continuing, Pret A Manger has developed a strategy to rebuild their devasted sales by taking their products to where their customers are, rather than waiting for them to return. This has seen franchising agreements struck with regional operators, concession agreements with Tesco to open in some of their larger stores, expansion into London regional villages such as Clapham, and development of products such as granola, coffee and croissants for sale in retail supermarkets for home consumption.





Far Left –
Pret's new implant store in Peterborough Tesco Extra

Left –
Pret's new, slightly larger, implant store in Tesco Extra Kensington

Right –
Condensed range at Pret in Tesco Kensington



Operator Reactions - Delivered Foodservice

>> Societal

Traditional FTG retailers have previously not concentrated on delivery services for building sales, as much of their focus was on immediate consumption, working customers using shops close to their workplace, hot drinks sales, and passing trade; since lockdowns, Delivery services have been adopted more and more so by consumers, and so FTG retailers have adapted their services to meet this growing demand. Breakfast and Lunch times have become the fastest growing dayparts for delivery platforms and so FTG retailers have become more relevant and therefore are developing their formats accordingly. The examples below highlight some of those developments:



Pret's collection point for delivery riders





Healthy meal solution concept – ATIS Food – built their latest store with a separate entrance for delivery riders, also providing an external view of their kitchen



Smaller format stores, like Little Farm, are built for takeaway and delivery only

Technological Changes - Digitalisation

McDonald's and Tossed were early adopters of digital order screens, with McDonald's aiming to reduce queues whilst Tossed wanted to concentrate staffing onto personalization and preparation of fresher food; subsequently, with the pandemic providing rationale and opportunity to change, other FTG foodservice operators have followed suit, using the Vita Mojo software platform.

HOP, Leon and Itsu are moving towards removing virtually all frontline staff so that they can switch labour resources on concentrating on preparing each order freshly.

Consumers have accepted these changes comfortably, as they allow a degree of personalisation and reduce the pressure of standing at the counter looking at menu boards.

FTG retailers are going to continue rapidly rolling out new digital formats to alleviate the labour challenges that they face, and as average spends are increasing from greater consumer freedom.



Left –
Digital ordering screen introduced into many Leon stores

Below –
The digital self-service ordering counter at Vietnamese brand HOP



Below –
Despite there being 4 digital screens at this Leon site in Spitalfields, queues can still build up as consumers place orders.



Trading Challenges

The effects from Covid, including property debt, consumers continuing to work from home, reduced labour availability, and depleted balance sheets, have meant that many operators in London locations have not been able to re-open all their stores. Potentially some of these stores will re-open in time, as workers return to London., but the market landscape is changing, and existing operator estates will be smaller.
This does provide opportunities for new entrants and for smaller chains to expand into, especially given the levels of investment considering this sector.
Competition is going to remain fierce however, as consumer expectations are rising, especially if working from the office is only a 2-day per week situation and each 'office' day provides an opportunity for an eating out experience.





Closed stores from Coco di Mama, Pod (which is owned by Coco di Mama), Pure, Chilango, and Itsu, together with a closed street food kiosk, highlight the challenges, also seen in empty chilled FTG shelves in a supermarket store outside London.











Trading Challenges (cont'd)

>> Societal

Labour availability and the demands on improving site profitability, put pressure onto operators to keep staffing levels at a minimum, which can cause customer queues at peak periods; Balancing demand is one of the key current challenges, at a time when levels of trade are uncertain and yet to achieve a level of stability. When the offer is appealing, there is considerable demand in some locations at certain times/days of the week.

Operators are still struggling with adapting to the new pattern of trade, and to rebalancing their profitability, at a time when labour is harder to find, and more expensive, and forecasting levels of custom is tricky.









Top Left: queue at Pret in Kings Cross station, reflecting higher demand (from subscription coffees) and lower levels of staffing.

Bottom Left: queue at Wasabi at peak lunchtime period, with only 2 out of 5 tills manned.

Above centre: queue for falafel concept Pilpel in St Pauls, highlighting demand for good value, interesting food. Other stores were open around it, eg HOP, Chop'd.

Above Right: whilst opposite the Pilpel queue, a Coco di mama store has not been considered viable to re-open.

Challenges - **Foodservice-led** operators' perspectives

>> **Challenges:**

- Staffing has been a problem for lunchtime FTG operators as they re-open, albeit a reduced problem as trade has not been back at pre-Covid volumes.
- As volumes increase, then the need to recruit additional team members and the challenge of that, grows; focus therefore is on greater rates of retention through improvement in pay and conditions. Most London operators already pay the London Living Wage, which sits higher than the National Minimum Wage.
- Supply chain problems are easing, as the pressure on delivery drivers abates, however there are still problems with consistency of delivery, and reduced levels of back-up cover in the supply chain.
- Cost pressures are starting to bite but there are limits as to how much can be passed onto consumers given inflationary pressure on them, and especially as contract caterers can compete better in keeping people within offices.

>> **Challenges (cont'd):**

- There are also limits to the amount of value-engineering that can be conducted, without losing purchases or consumer loyalty. Concerns are that cost-driven reductions, ingredient replacement or lower quality standards will be a long-term problem rather than a short-term solution.
- VAT increasing back to 20% from April, plus the National Insurance increase at the same time, and the property moratorium ending, put considerable pressure on; the salad-focused chains don't have the VAT issue (not charged on cold food for takeaway) however they are trying to increase hot food provision, because of the perceived added-value nature of it.

> "There just aren't any people available to recruit. We're not massively recruiting, which is a good thing, otherwise we'd be in real trouble."

Challenges – the **Retailer** viewpoint

>> **Challenges:**

- Similar to foodservice led businesses, cost pressures are front of mind right now. There are different approaches coming through to dealing with this – some will look to absorb costs, while for others at least some of the impact of these increases will need to be passed on.

- For Irish suppliers, some spoke of previous experiences of limited shelf-life once they actually received the products in-store – impacted in some instances by their own ways of working, but with a similar net result of a product on shelf that needed to be sold quickly.

- Staffing remains a concern. Linked to this, a persistent question remains for retailers over the balance between self-scan and traditional checkouts. And also within this over what staff profile and skill set they need to recruit to fit with their longer term mission targets. In other words, if they become more focused on food-for-now, will service become more critical and what does that mean for the skill set they look for.

>> **Challenges (cont'd):**

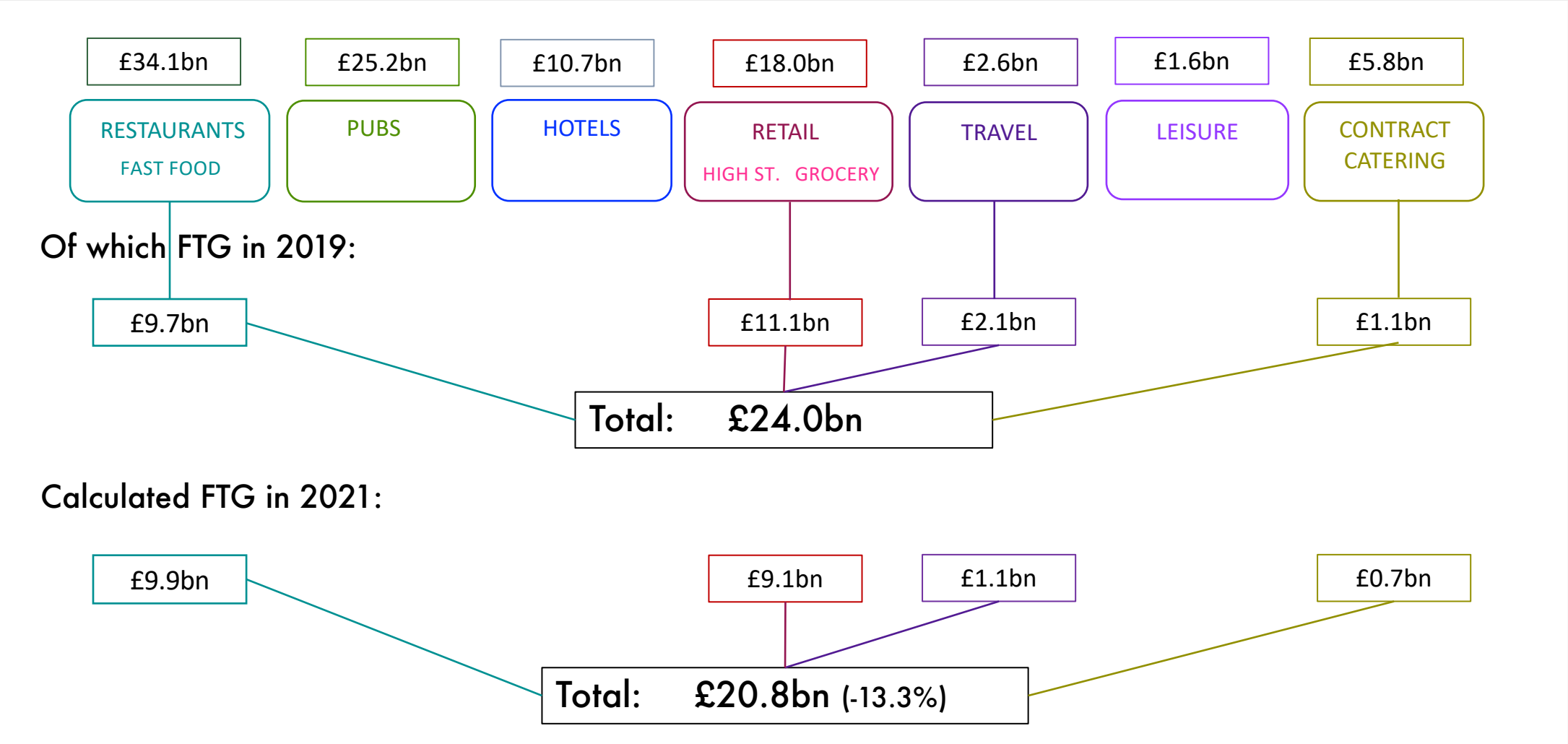
- There are questions for many retailers over staff preparation of food-to-go in-store, and many are still deciding over the level of food preparation in-store they want to have. For some this is building new business models within their operations, so don't underestimate the shift that is under way.

- It's perhaps to be expected that many are looking for a low skill model, but it's of interest that there's an openness to think differently, if it will help unlock new models and hence new physical and online missions. Bringing experience of what has worked for other retailers, whether in Ireland or in other markets, will therefore stand suppliers in good stead and help them demonstrate themselves as added value adding partners.

> "This year started like a train, with new challenges thrown at us every week. Things are calmer now, but supply chain and covid issues remain. And more challenges are coming...."

The UK Foodservice Market – and Market Value of FTG within it.

>> Total value £98bn in 2019



Sources: FutureFoodservice analysis of data from CGA, Mintel, MCA, Kantar, IGD

Market Recovery – Foodservice-led perspectives from interviews

>> **Recovery:**

- Stable levels of trade have not been achieved yet, so it is difficult to assess performance of business effectively.
- There is hope that trade will steadily grow back over the course of 2022, albeit with little hiccups from Easter, May bank holiday and The Queen's Jubilee etc, and with recognition that inflation is going to put the brakes on some consumer spending.
- Not all stores are back open, and there are still some landlord disputes that haven't been resolved, which may see some stores be closed for good.
- There is difficulty in managing 100% of previous volume levels, as staffing levels are still lower through both labour availability and cost pressures, plus muscle memory has been lost from existing team members, and not learnt yet by new team members.

>> **Recovery (cont'd):**

- There is recognition that suppliers have been through similar challenges with re-opening and re-building, and it was asked that continued understanding and flexibility be provided to help whilst there is instability.
- It is believed that consumers are returning to offices in greater numbers, but are treating themselves more as their visits are still less frequent than pre-Covid.

> "It's so frustrating at the moment, as we just don't know what normal is."

Market Recovery – **Retailer** perspectives from interviews

>> **Recovery:**

- The picture varies significantly according to individual retailers. The covid lockdown has given some the chance to put the steps in place for longer term growth, though for others it has caused frustration and challenges around core business operations. It's also caused several initiatives to be culled, or deprioritised.

- For others however it has very much provided a springboard to enable longer term visions of what food-to-go should look like to be fit for future shoppers. Sainsbury's is a great example here, taking a recent radical step to move away from most of its cafes and partner with both Boparan Retail Group (Caffè Carluccio's, plus several QSR brands) and Starbucks. But almost without exception, those running large store formats in the UK are thinking afresh about how to meet the longer term food-to-go opportunity, seeing that as a route to profitable growth.

- The shape of recovery in smaller stores has been mixed., and very dependent on location. Forecourts for example, which found themselves one of the few open locations at some stages, more recently have had to confront much increased competition.

>> **Recovery (cont'd):**

- Across stores of all sizes, there's a recognition that to take best advantage of the recovery, innovative solutions need to be at the heart of this. This creates a great platform for different supplier conversations than previously, and many retailers expressed how they were keen to know more about Irish suppliers' capabilities in this context.

- There's more willingness to flex solutions by format, even at a store by store level, than we've seen previously. Tapping into locally relevant missions is a growing priority going forward.

- Question marks remain for many over what the shape of recovery looks like longer term, the role of online in food retail and foodservice missions, and whether the current pattern of trade is the one that will persist.

> "It's caused a substantial shake-up in how we see our estate."

Importance of Value

>> Economic

Whilst the pandemic kept many consumers from spending money on their normal routines, such as lunchtime FTG and travelling meal occasions, and whilst Household Saving levels increased significantly, Value is still really important for operators to demonstrate and deliver. The Roadside market is particularly competitive, with many users being commercial drivers who look to limit their spend as it is regular and frequent.
Competition on the roadside market comes from the Fast Food sector, where mainstream operators such as McDonald's continue to provide superb value and keep prices low. Supermarkets are able to retain their low-priced meal deal offers, by using them as loss-leaders and relying on further items being purchased at the same time, and consumers looking for value, such as Students and lower-paid workers, appreciate the convenience and value provided.









Key Take Out:

Despite rising cost inflation, it is important that FTG retailers don't seek to pass on significant price rises to consumers, as the nascent demand could be squashed as consumer price inflation hits disposable incomes.
This is a difficult balancing act for suppliers and retailers, however greater value in consumers' eyes will lead to greater volumes.

Product, Pricing & Missions – the **Foodservice** operator viewpoints on meeting consumer needs

>> **Product, Pricing & Missions:**

- Product development has focused on simplicity and key lines, as stable levels of trade have not been achieved yet.
- Supply chain issues and distribution reliability have meant that product ranges have been reduced, but at a time of reduced levels of trade. As trade starts to grow back, product ranges are now being expanded, and it is expected to continue to develop and innovate further.
- Most product development is being focused on differentiation and premiumisation, in order to deliver a better experience for office workers returning to city centres; it is believed that those returning office workers are looking for something different and more special than pre-covid, as their visits back to the office are less frequent.
- Any ingredients that are not core are in danger of being replaced with those that can suit multiple dishes eg, HOP uses gyoza as a main course ingredient and as a separate side dish.

>> **Product, Pricing & Missions (cont'd):**

- VAT returning to 20% in April is causing concerns for all operators, as most will not be able to pass on 7.5ppts increases in price and so net revenues will fall. Those with higher levels of cold food sales will not suffer so much.
- Pricing in the London-based foodservice operators is edging higher, leading to an ATV of >£8.00, when there was previously a theoretical ceiling of £5.00. It is believed that a £10 ATV is within site in the next couple of years.
- These price movements push operators more towards premiumisation of the product and experience.

> "We are being smart with ingredients, and using them in multiple ways, especially in upselling."

Product, Pricing & Missions – the **Foodservice** operator viewpoints on meeting consumer needs (cont'd)

>> **Product, Pricing & Missions (cont'd):**

- Consumers are looking for a bit of a treat on the days when they are back in the office (in Central London at least) which plays well for the foodservice operators, however they are also competing with the contract caterers who are working with employers to provide a better environment and inducements to return and stay in the office.
- Travel locations are still affected by the downturn in commuters but are benefitting from increased leisure consumers.
- Promotions are slowly being re-introduced, but in a targeted way, through digital engagement and loyalty apps. There is not a great move towards promoting special deals on Mondays or Fridays to try and encourage workers to return, as these offers are not deemed significant enough to change behaviours.

> "We always promoted on Fridays, as this was our quietest day, but we don't think this is needed now, as it won't bring more customers back to the office."

Product, Pricing & Missions – the **Retailer** viewpoints on meeting consumer needs

>> **Product, Pricing & Missions:**

- Tapping into locally relevant missions is a key one. AF Blakemore is one retailer that's really focused on this, not least through its latest Aberystwyth SPAR concept, which draws on street food as inspiration for the offer.
- The evening mission remains a hard one generally to crack: most across the sector have yet to find a compelling proposition to fulfil this need. However there is a desire from many to do so, or at the very least to better sweat their expensive culinary assets in the evening time.
- Pricing pressures are coming through strongly, but retailers are aware of the need to continue to demonstrate value for their customers as many themselves will experience significantly stronger pressures on their disposable incomes. There's a desire to grow sales beyond meal deals, but a recognition that it remains key as a footfall driver and value proposition communicator.

>> **Product, Pricing & Missions (cont'd):**

- Hot food – and grab & go hot food in particular – remains a key area of focus. Right now there's a lot of similar product, much of which is not always the best quality. Innovating in product lines and demonstrating the quality credentials in hot food is an opportunity therefore with some retailers.
- Some retailers have spoken around getting their existing food-to-go / food-for-later counters working better – for example pizza and rotisserie.

> "Delivering value is tough right now, we're experiencing cost pressures, as both our suppliers and customers are. Our thinking is the better we can do for customers right now, the more loyal they'll be in the long term."

Blurring Lines of Fast Food and FTG

1990's

Fast Food ← Traditional burgers and fried foods

Food To Go ← Traditional sandwiches and some pasta salads

2000's

Fast Food ← Introducing the idea that Fast Food can be healthy & trendy

Food To Go ← Development of brands broadening the range of hot items

2010's

Fast Food ← Healthier, broader ranges, hot and cold; relegating sandwiches to value-led, last choice

Food To Go

2022 & Beyond

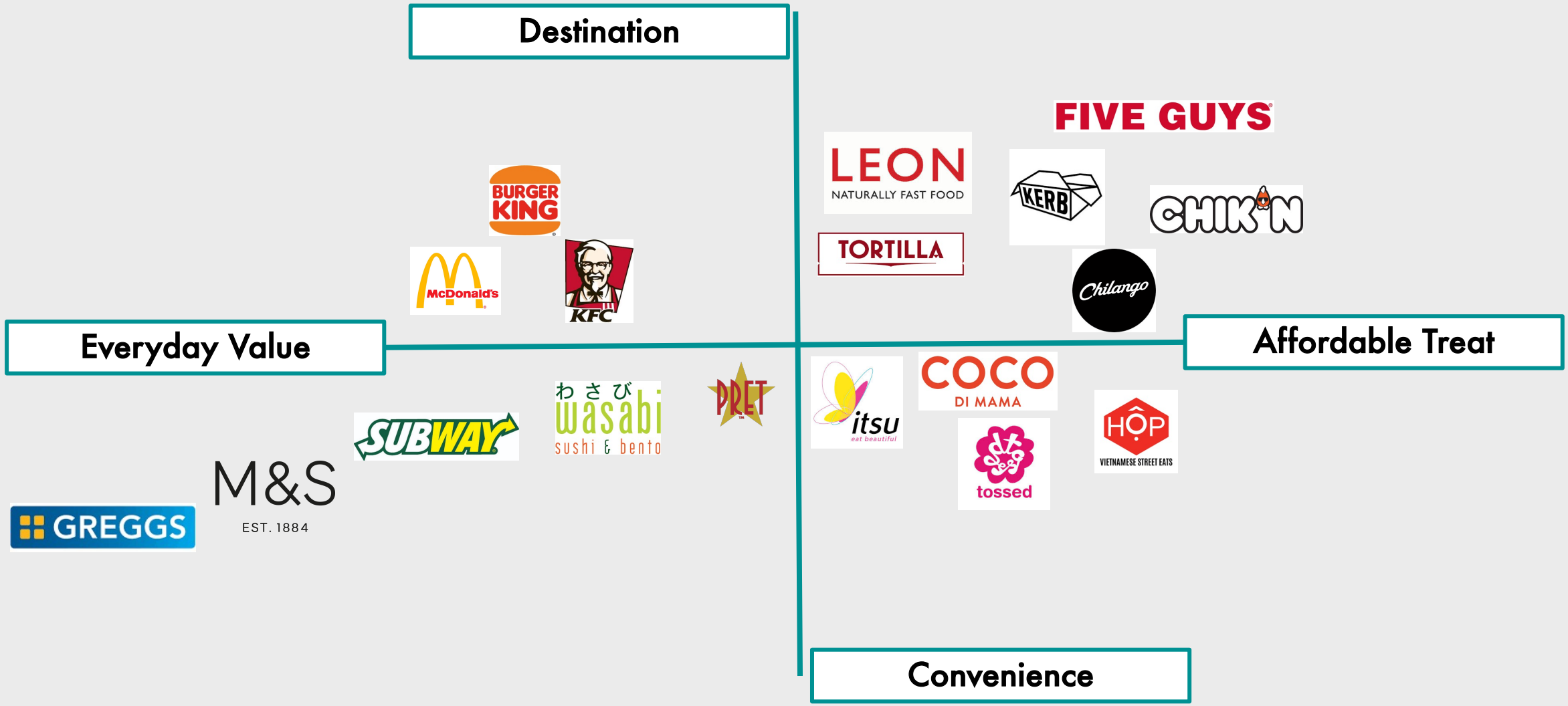
The New Fast Food

A complete blurring of lines between traditionally different sectors, both providing consumers with a range of healthier dishes aimed at convenience, speed and value, meeting needs at missions including travelling, working, shopping and day-time socializing. Providing more of a main meal at lunchtimes.

Bord Bia GB FTG 2022
By FutureFoodservice

Polarisation of Food To Go

(in major city locations)



N.B. Retailers shown are indicative rather than a definitive list

Bord Bia GB FTG 2022
By FutureFoodservice

Repertoires outside City Centres

(where location dictates availability)



N.B. Retailers shown are indicative rather than a definitive list

FUTURE // FOODSERVICE

BORD BIA Thinking House

Contents:

Executive Summary

Market Dynamics

>> Market & Consumer Trends

Future Developments

Appendix

Market & Consumer Trends

In this chapter:

1. Consumer Behaviours – Normal, Changed, & Emerging
2. Bord Bia Consumer Lifestyle Trends applied to FTG
3. Lifestyle Trends in Action:
    a) Health & Wellbeing
    b) Life Logistics
    c) Community & Identity
    d) Responsible Living
    e) Sustainability
    f) Engaging Experiences
4. Food & Cuisine trends and developments
5. Category developments
6. Key opportunities

Details of key market developments, consumer trends and behaviours, how they are playing out in FTG, and what opportunities they create.

Consumer Behaviours in FTG

As the pandemic has changed the market, we have also seen new behaviours emerging as consumers take the first steps back to normality – even if that includes a 'new normal'; Some behaviours have not changed and are not expected to change, whereas there are other factors driving significant changes.

By breaking down behaviours into the three broad descriptions below, it is possible to identify how the market will change and how the market needs to continue changing in order to adapt to the 'new normal'.

>> Normal Behaviours

- There remains considerable demand for the simplicity of the Value-driven meal deal delivered by supermarkets, especially for time-pressed and lower socio-economic demographic consumers.
- Often there are no other options available, and the breadth of range in supermarkets meets the needs of consumers such as Students where their college is close to a supermarket
- Time-pressed local workers outside of city centres value the ability to park in a supermarket and grab a quick meal deal to take back to their office.
- Fast Food from drive thru sites meets the needs of people on the go, which is where particularly breakfast has grown in popularity so much recently
- Coffees on the go retains status as an everyday behaviour that hasn't been changed by Covid, regardless of disposable income levels and work location – city centre or local café.

>> Changed Behaviours

- Using local services such as cafes, bakeries and sandwich shops when taking a break when working from home.
- Using road / forecourt / MSA services more regularly, for work and for leisure.
- Using fast food drive thru services as they are more available and accessible and enable consumers to fit more into busier lives.
- Using delivery services as a norm, especially with the new immediacy of ultra-fast delivery services such as Gorillas or Getir.

>> Emerging Behaviours

- Looking for something exceptional from their lunchtime break when going into the office rather than grabbing something simple and convenient as they seek a different experience.
- Happier to spend slightly more on the experience than previously, as many have saved money by working from home and not commuting so much.
- Adding an incremental FTG purchase on the way to work, either as a treat, or because employers provided more services as encouragement to stay in offices during the day.

Key Consumer Lifestyle Themes – applied to FTG



Responsible Living

Consumer awareness of the need to live more responsibly and care for the planet has been increased through the pandemic, media coverage and events like COP26.

There is a slight disconnect however with FTG purchases as the **over-riding demand is for convenient solutions**; this is changing as operators provide more environmentally-friendly products and packaging, and as consumers start to expect and demand better solutions such as re-usable cups and bottles.

The next step will be towards more **sustainable food products**, however this will be challenging.



Health & Wellbeing

Most FTG occasions are during the working week (apart from Fast Food on the go consumption occurring at all times), and as such health and wellbeing is more in focus for consumers.

Operators are torn between providing healthy food products that are **better for you,** whilst wanting to maximise the opportunity **to sell more attractive, indulgent, and** expensive products.

The solution is to sell what we describe as **'Worthy, but Wow'** products that deliver on both healthy and indulgent demands.

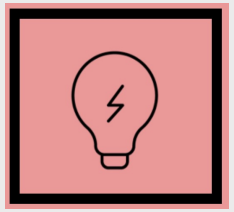


Community & Identity

Exacerbated by the pandemic, **consumers have become more aware of their community** and the need to play a role within it.

With more focus on working from home, FTG operators ought to:

1. Focus on stores that sit **outside of the centre of cities**, in the 'ring of the donut', and meet more local consumer demands and expectations, along with differing usage requirements such as desk space.
2. Connect with the community through **charity and good works schemes**, and recruit more local employees.



Engaging Experiences

Value is always going to be important for the FTG market, but with many consumers saving money through time spent working from home, the FTG shopping mission can focus on **delivering added-value experiences.**

With the sandwich-based meal deal leading the way in supermarkets, consumers **that find a sandwich boring,** and are happy to spend more, are heading elsewhere to find engaging experiences such as in Street Food Markets.

Artisanal and authenticity are key elements for FTG experience.



Life Logistics

With busier lives, trying to fit more in, **convenient and faster food** is a key part of consumers' solutions to deal with everything that life throws at them.

Putting products within arms reach of desire has been a long-held mantra for FTG retailers, and this becomes more important as the pace of life increases. Drive-Thru's, delivered foodservice, in-car consumption are all ways in which Retailers can meet consumer demands.

Designing convenient and on-the-move products and packaging is critical for suppliers to FTG retailers.

Health & Wellbeing in action

Food To Go is primarily about convenience, providing working consumers with a grab & go solution through the day, and therefore elements of the market such as Fast Food perform well; however, the growing awareness of the need to look after our physical and mental wellbeing was meant that there is more attention being placed on the role that food and drink can play in making us feel better. We expect to see many more products focused on improving our health and happiness, however it is critical that these products are not simply 'worthy', they also need to deliver the 'wow' factor, remembering that every food occasion out of home is still a treat compared to the value from preparing foods at home.

Drinks have always been a key way for new wellbeing trends to enter the market, which the two examples below highlight, using collagen etc to help us look better.



Collagen water to improve skin condition, sold by Holland & Barrett



Tossed changed their strapline from Healthy Food to "Food to make you feel good'



Envie Skin Drinks is a new retail shop selling drinks designed to improve skin condition. The products contain Hyaluronic Acid, Marine Collagen or Reservatrol.

Life Logistics in action – The drive-thru opportunity has been accelerated by covid

Consumer demand for easy access to fast food solutions has been increased and accelerated by Covid, so the major operators opened their drive-thru sites first, post-lockdown, initiating click & collect, kerbside pickup, drive-thru and delivery. Drive-thru will grow in importance and we will see larger sites such as the 4 lane Taco Bell built in the US.

New entrants to the Drive-Thru market include Tim Hortons and Leon, whilst Starbucks and Costa have continued their expansion of Drive-Thru sites across the country, but particularly in roadside locations. There are plans now to place these coffee shop Drive-Thru formats into Supermarket car parks, utilising empty space.

New Entrants





New Developments:- Taco Bell 4 lane (in US), Costa, Starbucks in Asda car park







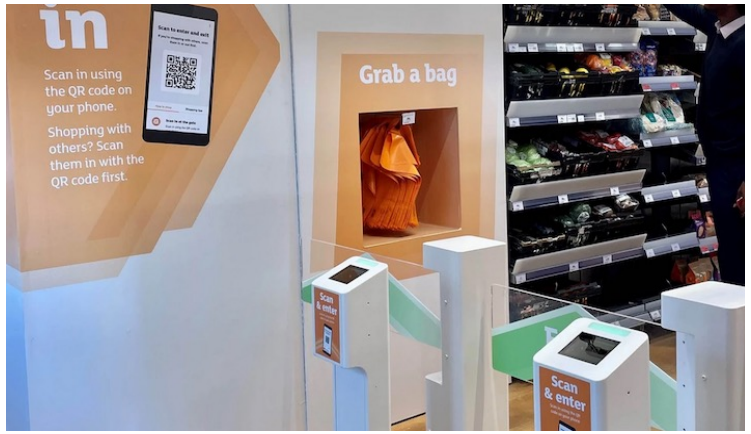


Bord Bia GB FTG 2022
By FutureFoodservice

Life Logistics in action - Cashier-less stores show the future way ahead

There's been a steady expansion of Amazon Fresh convenience sites across London over the past year, with 15 trading at the end of 2021. Expect this rollout to continue and to extend beyond London in due course. The tech impresses, but so too does the product range, in particular across food-for-now and food-for-later, with a focus on global cuisines supported by high profile UK grocery industry partners, not least through existing relationships with Booths and Morrisons.
Amazon's tech is rapidly being copied or licensed by other retailers for their convenience formats, recognising that this is the future for convenience stores.

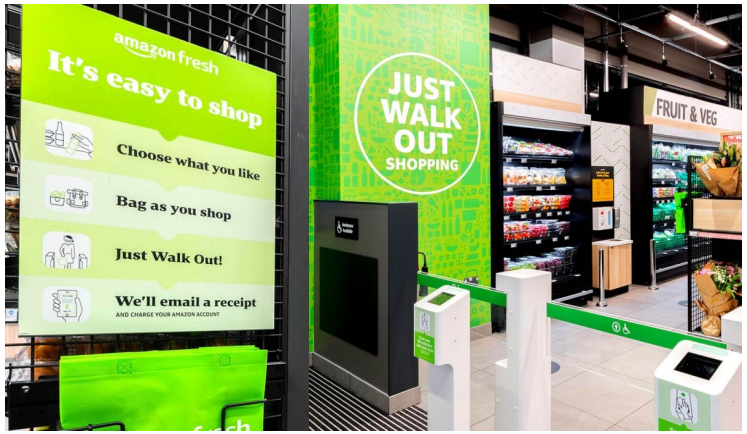
Sainsbury's cashierless store in Holborn, using Amazon technology.
This store requires scanning in and out, but may switch to removing the barrier on entry, and just have scanning to leave.



Tesco Express store in Holborn, using the GetGo app; this store requires scanning the app for entry, but just walk out when finished.
Cameras and weighted products/shelves manage each customer's basket.



Amazon fresh stores, of which there are now 7 in London, requires the amazon app for scanning in.
The range is ambitious and challenging to the major supermarkets and convenience stores.



Key Take Out:

The tech is great, and the **range stands up well** in comparison to the major convenience/FTG retailers. **Flexing the proposition by location** would appear a likely next step – **support from suppliers in how to do this could be an opportunity**, and there's scope for more innovation. The promotional strategy has focused on discounting, so at some stage **added value, unique and speciality lines could be introduced**. However, an implication of the Just Walk Out tech, is that the model copes better with fewer SKU counts than many convenience stores currently carry.

Community & Identity in action – a new focus for retailers

Whilst covid has brought about many challenges for retailers, the majority have maintained some form of social responsibility programme that seeks to engage in the local community where each store is located; these schemes have become more important as consumers were both forced to recognise the importance of their local community and needed to engage more with their local community either through lockdown or from WFH. The coffee shop sector has been particularly focused on engaging with local communities, with the example of Costa's tie-up with Chatty Café a particularly strong example of building upon that and taking their social responsibility to the next level, encouraging people to chat and ward off loneliness.





Far Left – CoOp community board with fundraising activities.

Left – Tesco community grants donation scheme

Below – Costa's Chatty Café scheme

Chatty Café

In August 2018, we announced that we would be rolling out an initiative called the **Chatty Café Scheme** across over 300 stores nationally – the first big coffee chain to do so.



The Chatty Café Scheme, established by Alex Hoskyn, was set up to tackle the challenge that loneliness brings to many people in the UK.

It's simple: stores dedicate one table in store as a 'Chatter and Natter' table, which is marked with a sign at specific times each week. People who sit at this table are indicating that they are open to chat with someone new.

We couldn't believe how much our communities embraced the scheme! We've seen tables used for homework clubs, parent and baby groups, police drop-in sessions and even craft clubs. It's fantastic to see our warm and welcoming stores being put to use as social hubs, facilitated by our brilliant team members.

Loyalty – embracing technology

Moving on from the paper-based loyalty cards developed by the Coffee Shop companies, notably Caffe Nero, FTG operators are rapidly developing app-based loyalty schemes that embraces consumers utilisation of app-based tech, but also recognises and rewards them for their repeat custom, which is possibly enhanced as a result of covid-changed behaviours.

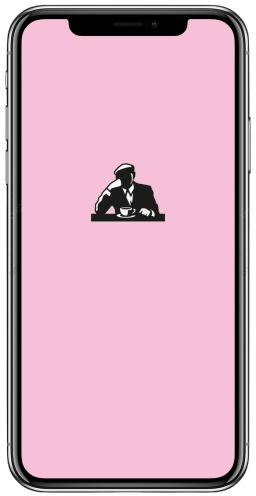
Becoming more attached to neighbourhood services, and then gaining rewards from that custom, is going to be a continuing feature of FTG.

Loyalty is royalty

JOE & THE JUICE
COFFEE, JUICE AND MUCH MORE

EARN POINTS, SKIP THE LINE, CLAIM FREE GIFTS!

Download the Joe Loyalty App and earn points with every order. Level up through tiers and complete fun, rewarding challenges along the way.

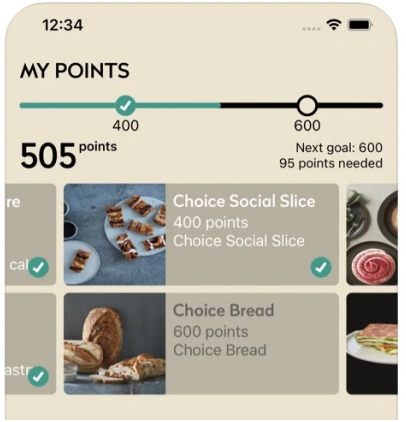


A strong message from Joe & The Juice, recognising that anyone loyal to them as a business deserves to be treated like royalty, especially if they are regulars and have downloaded the Joe App.
There are considerable benefits for loyal customers, with points, treats and more.

FANCY A TREAT

Start building up points for delicious treats & rewards.
- We'll reward you with 10 points for every £1 spent with us
- Receive exclusive rewards including a birthday treat
- Rewards start from as little as 250 points all the way up to 6,000 points, so you can either treat yourself regularly or save up for something special.

OLE & STEEN
LAGKAGEHUSET



Recognising that many of their stores are used by people living and working close by, and that consumers use them for purchasing bakery for consumption both in store, and at home, loyalty is a strong feature of the overall concept.
App users gain points and exclusive rewards.

Responsible Living in action – many differing developments

One of the challenges for any food retailer is to deliver the fresh foods that consumers expect, without having to ship them half-way around the world; developments in vertical farming such as this one below with M&S in its food hall in Stratford, can be part of a solution. This is not part of an FTG offer but a small step towards reducing the environmental impact of growing delicate herbs and leaves.

Whilst there is a charge for plastic bags if consumers take one, retailers are still looking to minimize the impact by using compostable bags, such as this one below from the CoOp. Tesco also provides biodegradable plastic bags.

Helping to deal with the impact of bottled water being such a large part of their sales, Pret A Manger has been selling reusable drinks bottles, and rolled out free refilling stations in c.250 of their stores.







Responsible Living in action – Pure leads the way

Pure is the leading FTG Retailer for sustainability measures and is taking as many steps as possible to nudge consumers' behaviours away from disposable packaging and wastage, despite selling many products in disposable packaging.

Pure has introduced free filtered water for all customers and sells re-usable water bottles along with re-usable cups, with a discount (normally 50p) off their coffees when using any re-usable cup. Their waste disposal station is also the most advanced for separating waste and packaging.







Sustainability – Food Waste Minimisation

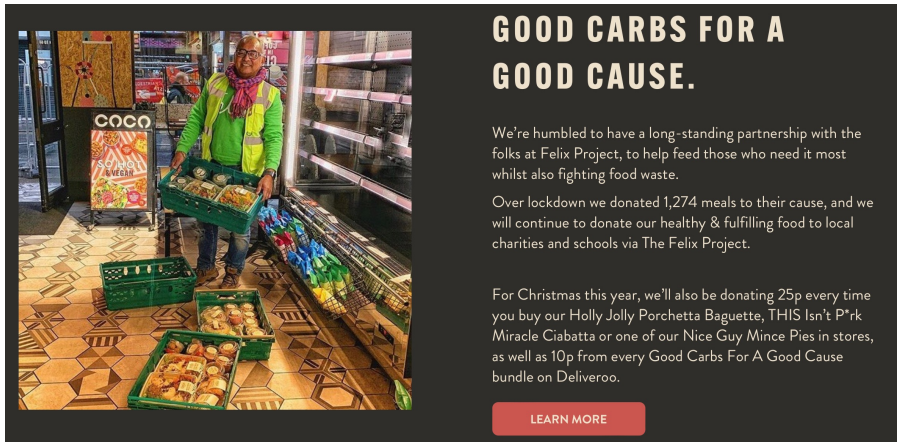
Nearly 30 years ago Pret A Manger started distributing unsold sandwiches to the charity CRISIS, which distributed it to homeless people in London; this project grew so much that Pret ended up buying the vans that collected and distributed the food. The ethos of turning unsold food into a benefit for society is nothing new, however now it is more important as society realises that food waste is one of the key elements in minimising global warming.

FTG retailers are rapidly developing their services and systems to ensure that any food waste is put to good use, either donating to charity or selling it through apps such as Too Good To Go.



Left –
The Food Waste Movement as championed by Too Good To Go, along with the simple selling system for Retailers

Right –
Coco Di Mama's partnership with The Felix Project, donating excess food to the project for re-distribution to Charities and Schools where it is needed.



Key Take Out:

Environmental and Societal credentials are essential for all FTG Retailers to be seen as caring and having more purpose to their business model. There will always be an excess of fresh food from FTG retailers as it is also essential that they don't run out of products – what happens with the excess is now almost as important as the ingredients and provenance of what they sell.

Engaging Experiences in action - Streetfood and food halls are having a growing impact

The rise of Street Food markets in the UK, over the past 10 years, has been considerable as consumers have sought a different experience to the perceived staid nature of corporate FTG retailers. With opportunities to move these markets indoors, these have flourished further, with Market Halls and Kerb leading the way in London, however these are not exclusive to London, and are cropping up all over the UK.

Consumers demand for artisanal, authentic experiences, purchasing freshly prepared food from passionate producers, continues to rise, especially post-pandemic as they provide an exciting alternative to a fridge-raiding sandwich whilst working from home. Whether outdoor (such as Leather Lane below) or indoors (Kerb, below), we forecast that these engaging experiential FTG providers will continue to appeal and provide a lunchtime boost to returning office workers.

Places to visit to see these trends in action:

- Leather Lane street food market, EC1N 7J (bottom left)
- Kerb, Seven Dials, WC2H 9LD (bottom right)
- Eataly, Bishopsgate, EC2M 3YD (bottom middle)

Others of interest:

- Market Halls, Victoria, SW1E 5NE
- Borough Market, London Bridge, SE1 1TL
- Kerb, under the Gherkin, EC3A 8EP
- Berwick Street Market, W1F 0PH







Hot Food Development: becoming more ambitious but still much scope for innovation

A key way for traditional grocery and convenience store retailers to fight back against fast food and street food, which predominately sell hot food, has been to develop hot cabinets for hot holding a simple range of favourite products, concentrating on those that hold up well in the right packaging and don't dry out.





Far Left –
Amazon Fresh' Hot cabinet with a range mimicking Pret or Greggs

Left:
Pret's hot cabinet remains limited but focused, includes a vegan chilli enchilada and a vegetarian macaroni cheese

Right –
Itsu trialled a Hot & Beautiful cabinet featuring self-service gyoza and dim sum boxes



Key Take Out:
Retailers have taken early steps here, with ranges often mimicking those of Greggs, but there's scope for significant further development – food to go specialists like Pret, Itsu and Wasabi, show how ranges can evolve to unlock different customers and meet healthier missions.

Street Food vs Retail Stores: a snapshot showing contrasting fortunes

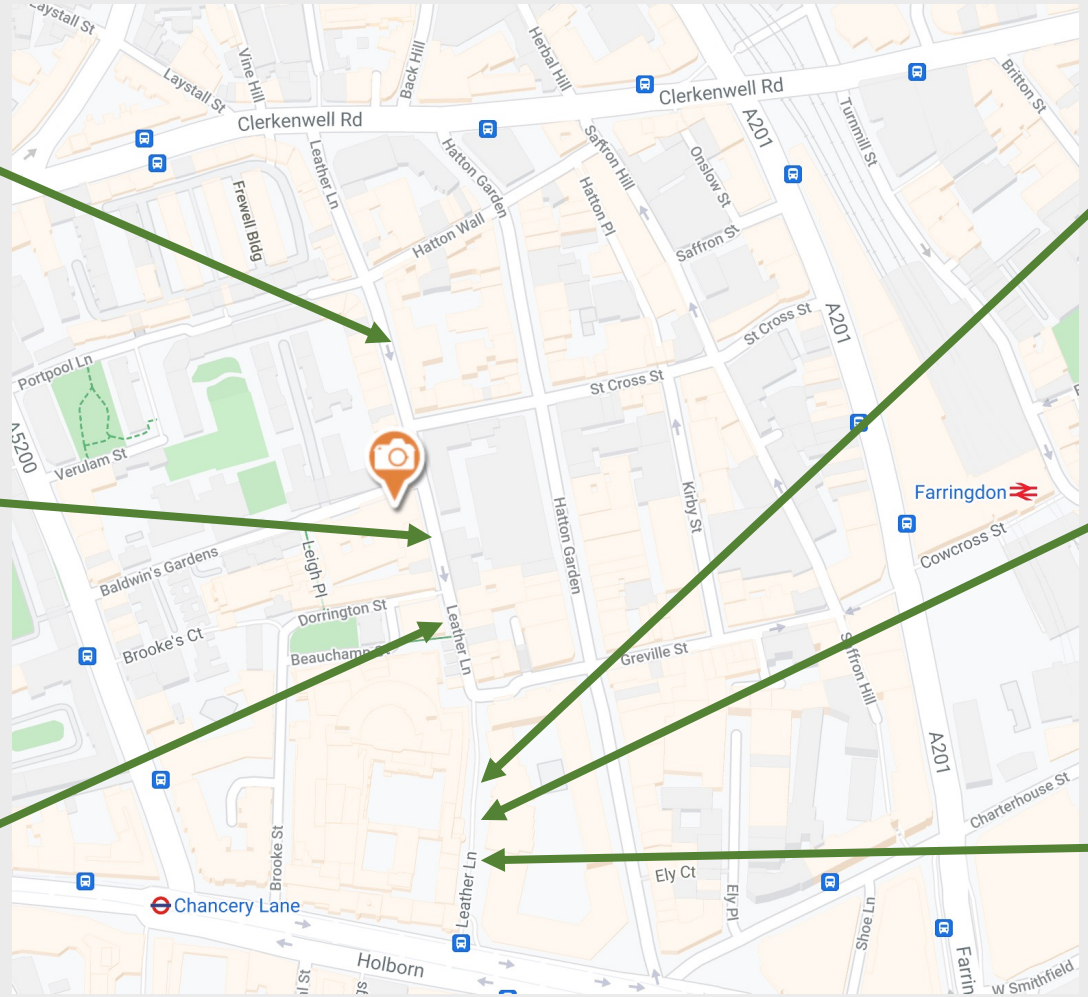
Leather Lane Market - A microcosm of Street Food providing more Engaging Experiences than traditional Retail FTG Stores

Street Food examples in the market









Closed Retail FTG Stores







Bord Bia GB FTG 2022
By FutureFoodservice

Street food is opening up new opportunities for different cuisines

Food from around the world, produced by authentic, artisan traders, bringing a slice of their culture to hungry workers













The range of offers available within the fairly short stretch of Leather Lane Market shows how appetites for global cuisines have expanded.

Examples shown here include cuisines from:

- **Tantuni – a regional Turkish speciality of grilled meat from Mersin**
- **Halloumi – from Cyprus**
- **Korean – almost mainstream flavours, but introducing new ones such as Yangnyeon chicken**
- **Fusion of Yorkshire Pudding and Burritos**
- **Paella as a takeaway 'rice box'**

We expect these developments to continue as consumers seek something different, and as they learn more about new cuisines, flavours and ingredients.

The Street Food market also provides scope for new artisan operators to offer products made with their passion and heritage with low barriers to entry; whilst some will be no more than a lifestyle business, some will go on to build into further stalls, bricks and mortar sites, and a consumer fanbase.

New Developments - Asian and plant-based are among the hot spots







FTG Operators are always trying to develop innovative new products to deliver greater appeal to consumers in a competitive market; Whilst some innovation has slowed down due to Covid, as operators have sought to concentrate on biggest selling products, and operators have had NPD teams on furlough, there are still some new developments in the market.

Examples include:

- Yo! Sushi – as part of their range of in-store concession stands in Tesco stores, creating the '**Chicken Katsu Sushi Sando'** (pictured). This highlights the trends of Asian flavours, Katsu fried chicken, and the emergent Sando format.

- Tesco's Wicked Kitchen plant based **'Californian Inspired Christmas Wrap**', which delivers intrigue in a health-focused plant-based wrap.

- M&S's new-style Wrap products, such as the freshly-made in-store **'Bang Bang chicken wrap'**; the flavour profile is not new, but the display method is – all the products wrapped in waxed paper, so no visible filling, but an example of each product made, cut and filling shown in a Perspex case.

Better for you, better for the environment – the Foodservice operators' perspective

>> **Better for You:**

- Most of the central London, lunchtime-focused FTG operators are already highly-focused on healthier foods, and this is set to continue, albeit recognising the need for more premiumised options, delivering a special experience for returning workers.
- Developments include gut-beneficial products such as Kombucha, or CBD-infused products for mental wellbeing.
- A greater number of plant-based options are being offered, than ever before, recognising the growth of consumers seeking to reduce meat consumption.
- It is seen that further focus on healthier eating and wellbeing is essential, as consumers continue to prioritise health, however this needs to be balanced with the idea of treating when eating out of home.

>> **Better for the Environment:**

- Lunchtime FTG providers recognise that packaging is a key element of the product offering, and as such many have been working towards minimising the environmental impact of this, and many will continue to develop less-impacting solutions.
- Sustainability is now a critical part of supplier selection, rather than a tick-box exercise as previously. Suppliers need to recognise retailers ESGs and work to support them.
- Carbon Counting is on the agenda for some, but recognised as a complicated area and something that will take time and expertise to develop and implement.

> "I like the description of 'Worthy, but Wow', regards to healthy food, as this sums up our approach."

Better for you, better for the environment – the **Retailer** viewpoint

>> **Better for You:**

- A common theme is the desire to demonstrate this in range and menus. However, there's often a balance to be had with the commercials, ensuring that, particularly away from city centre locations, this doesn't skew the range away from current best-selling lines.
- That said, ensuring there is a good range of options for those who are following for example plant-based or gluten-free diets is a growing focus.
- Retailers are increasingly conscious of the rapid pace of evolution in health & wellness in particular. Actionable insight from suppliers on what particular aspects of the health trend might mean in terms of opportunities will therefore be valuable – and bringing this to the table is something several will look for in best-in-class suppliers

>> **Better for the Environment:**

- Sustainability was a theme that emerged in most conversations, but often wasn't the first subject area that came up.
- It's a focus, and an opportunity for collaboration and mutual benefit, but there's an underlying expectation from many that a supplier sustainability strategy will be in place that will have short, medium and longer-term goals.
- Irish suppliers were generally seen to be in a good position in this regard.

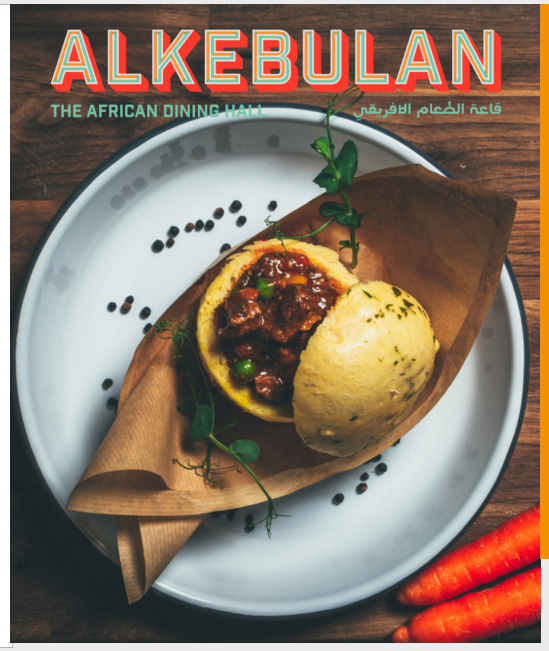
> "Undoubtedly health is a growing focus. We can and will do more as we develop our ranges, but we need to be mindful of the commercials, particularly outside city centres."

Major food trend directions for 2022

Worthy	Wow	Worldly	Woke	Wacky











The key themes for food trends in 2022 are based upon consumers' growing education of different foods, cuisines, and styles, together with growing knowledge of the important role that food plays in our lives; we are theoretically better at managing our debit/credit approach to eating, hence the yin + yang of Worthy & Wow foods - we know we need to look after ourselves, but we also want to treat ourselves.
We are certainly becoming more worldly in our approach to food, embracing the growing multiculturalism in society, and reflecting our (pre-covid) ability and desire to travel and experience different cultures; but at the same time we recognize our responsibility to the planet and the need to eat with one eye on the environmental impact.
Finally, we will see more food products incorporating different ingredients to aid immune systems and overall health, some of which might be a little bit Wacky!

Key Category Trends (1)



Bakery

Primary Development:
Indulgence and treat-led products –
Offering consumers a relatively low cost, small daily treat.
Or, providing an Instagram-able experience that has a wow factor.

Secondary focus:
Hot savoury products –
The success of Greggs has been down to hot, baked, savoury products, sold at low prices.
Consumers see these as an alternative to Fast Food.
Products need to stand up to being held in hot cabinets, with minimum packaging.

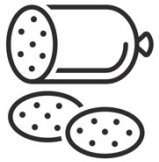


Dairy

Primary Development:
Better-for-you – Protein or Immune Boosting
Protein added Yoghurts are being seen as a good addition to diets.
Fermented products such as Kefir are also being promoted as being greatly beneficial to gut health
Yoghurt bars are emerging as a healthy snack.

Secondary focus:
Premiumised treating - Shakes
An indulgence seen in coffee shops, often sold as Freak Shakes, these are now a feature in convenience formats.
Co-op is introducing the F'Real milkshake machines, with long shelf-life products, providing theatre and experience with limited wastage.

Challenge:
Dairy alternatives continue to grow in importance.



Value-Added Meat

Primary Development:
Meat Snacking -
Protein-focused products sold as a snack or a side dish are growing in range and availability.
Premium options are being developed in this area, but the majority of focus is on lower cost, small portions.

Secondary focus:
Kebabs -
Fitting in with Worldly food tastes, and the growth in brands such as German Doner Kebab, retailers are developing these as an added-value alternative to sandwiches.

Challenge:
Plant-based alternatives continue to grow in importance with a wider range of consumes.

Key Category Trends (2)



Meatless

Primary Development:

Plant-basd meat alternatives –

Mimicking meat, and providing consumers with an easier path to vegetarian/vegan diets.

Brands such as Beyond Meat, THIS, Vegetarian Butcher and Garden Gourmet are rapidly growing as demand increases.

Secondary focus:

Meat free products –

Such as falafel, seen in Pilpel as an example; providing a broadly acceptable way to reduce meat consumption.

Challenge:

Environmental challenges to alternatives made with soy and pea protein, specifically if forests are being replaced with Soy plantations.



Drinks

Primary Development:

Added Ingredients and Immune Boosting -

Taking a nutraceutical approach is easiest with drinks, where shots etc are easily consumed.

Retailers are expanding their range of options, especially with long shelf-life products, but fresh or cold-pressed juices are still key.

Energy drinks are also still a key focus and developing with the likes of Huel.

Secondary focus:

Cold alternatives to Coffee

Whether shakes and smoothies, or iced-coffee and teas, there is growing demand and provision. Both machine produced (Slushies, Costa Express etc), and bottled.



New Meal Solutions

Primary Development:

Asian-style dishes -

Sushi continues to grow in importance, with more non-raw fish alternatives

Poke bowls are in significant growth

Katsu, or Korean fried chicken, on rice or noodles, are big sellers

Secondary focus:

Salads –

With grains as a base, or pasta, which both deliver a more substantial meal, and compete better with sandwiches.

Macaroni Cheese has been significant for Pret, with great consumer appeal, and is now expanding into the likes of Starbucks,

Challenge:

Shelf life is a continual problem, so branded, longer life examples like John West could succeed.

Opportunities for Suppliers to hit these key trends



Responsible Living

- Sustainability & environmental footprint won't be the only driver of purchasing, but they will be a more important one. Businesses who have this inbuilt into their DNA will be best placed.
- Plant-based innovation is accelerating: consider how to expand plant-based – or plant-oriented – as part of your innovation cycle.
- Despite this, there are still many opportunities for meat based products. But the best of these will be for better quality products that truly deliver on flavour/ taste.



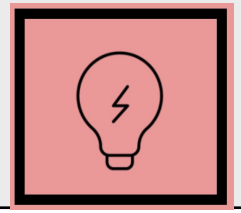
Health & Wellbeing

- There's a growing expectation of and demand for quality better-for-you options. Longer life products that deliver on this will be well placed to grow.
- Specific health & wellbeing needs such as free-from and gut health are growing. Consider how your products could fit into the next level of better for you segmentation..
- Healthier indulgence is an opportunity: don't think of it as either or – consider the broader spectrum of needs states and identify how your products can fit.



Community & Identity

- Underrepresented across UK retail other than charity collection boxes, but especially across FTG specialists other than coffee shops.
- The Co-op is perhaps best in class from a retail perspective: consider how you can help Co-op to push local relevance further, while also working with others to help show greater relevance to specific communities, whether physical communities or 'tribes'.



Engaging Experiences

- We see these as becoming more integral to added value FTG in future. Helping create a differentiated look and feel is important alongside differentiated product offers.
- While the UK offers fantastic food-to-go innovation, this isn't always obvious from looking at supermarket and convenience food-to-go offers. Consider & put forward products and solutions that can help stretch spending ceilings beyond meal deal confines and add destination appeal – Sainsbury's collaboration with Coco di Mama is a good example.



Life Logistics

- Develop products suitable for Drive-Thru service, as more operators look at opening these sites.
- Recognise that cashier-less store operators will need more technical details for products, ie weight and more visible barcodes for Self-scanning tills.
- There's scope for a more solution oriented approach. Sainsbury's now has a lunch (at home) fixture: what solutions can you bring to help retailers show new life relevance for customers?

Expectations of Suppliers – Foodservice-led operators' perspectives

>> **Expectations:**

- It is recognised that suppliers have been through the same tough time that operators have, and that it is understandable that suppliers have learnt to say 'No', however the time is right now for suppliers to start to say 'Yes' and support with product development.
- Innovation is going to become more important throughout 2022, as competition increases, and as inflation squeezes consumers discretionary spending power. Operators are going to try to premiumise their offers to deliver a better experience for their consumers, and therefore help with innovation is critical.
- It is seen that suppliers need to know more about consumer behaviours, and support Operators with consumer insight to help power innovations and product development.

>> **Expectations (cont'd):**

- When considering supply chain consolidation, there is an expectation that suppliers and distributors are able to maintain robust back-up solutions. Whilst understanding the supply chain problems, retailers have been forced to expand their rosters of suppliers to maintain product availability and are concerned about putting all their eggs in one basket again.
- The same principle applies to ingredients, so that there are multiple uses for key ingredients and less reliability on specialist ones.

> "Suppliers have learnt to say 'No', now is the time to start saying 'Yes'."

Expectations of Suppliers – the **Retailer** viewpoint

>> **Expectations:**

- The retailers we spoke to were at various stages on their food-to-go journey but were united in their common view of the opportunity to grow. But what this means is that there's no one size fits all solution – and indeed across the breadth of interviewees, a common ask of potential suppliers was to get to know their business in depth as a first step before suggesting solutions.

- Flexibility in helping retailers also came through as a key request – sometimes it's about thinking small first with a pathway towards going big, rather than a big bang all or nothing approach.

- Delivery is also a focus: how to maximise the online/ offline combination remains an area of focus.

>> **Expectations (cont'd):**

- Many retailers are aware they are pushing into what is often for them uncharted territory. This drives an appetite to learn and develop the proposition – from this perspective, forward thinking, food-to-go specific insight from their suppliers and partners becomes more critical to proposition development.

- Several retailers – when considering the opportunities – are already thinking beyond their core estate. There's a growing connection between the two, whether it's in bigger supermarkets supplying into convenience or forecourts, or in the development of concepts in supermarkets or convenience stores with one eye on the standalone opportunity. There's a real willingness to push beyond previous thinking in this regard, but as discussed, often gaps in the required knowledge and operational expertise where retailers are looking for help from their partners.

> "Suppliers who can tell us what's next in their specific categories, and work with us on a plan to how we can take advantage, are the ones who work best with us."

FUTURE // FOODSERVICE

BORD BIA Thinking House

Contents:

Executive Summary

Market Dynamics

Market & Consumer Trends

>> Future Developments

Appendix

Future Developments

In this chapter:

1. FTG Outlook 2022
2. FTG Outlook 2023 & Beyond
3. Future Developments -
    a) Responsible Living
    b) Health & Wellbeing
    c) Engaging Experiences
    d) Life Logistics
4. Technological Developments
5. Future Opportunities

How the market will develop in the next two years, along with some of the most interesting new ideas and trends in action.

FTG Market Outlook - 2022

2022 Forecasts –

- The **first quarter of 2022 will be difficult for FTG** retailers as Covid continues to affect office working and commuting, and we expect this situation to be in place until March/April.
- Location has emerged as a particularly key determinant of success in the new landscape, with **city centres negatively affected** whilst **suburban sites perform more positively**.
- **Travel locations will be polarized** between busy roadside & forecourt sites, and those in railway stations with passenger traffic numbers expected to fall back again until spring.
- Supermarkets will continue to **develop partnerships with FTG brands** as a way of boosting their offer in suburban locations, and as a way of filling more space in stores.
- We can expect to see further **innovation and developments aimed at capturing spend from home workers**, giving them similar experiences that they've enjoyed when out at work.
- Given rising inflation dampening consumer spending power, **Value becomes important again**, but retailers will also look to premiumise their offers to broaden their appeal
- **Coffee specialists will continue to try to innovate**, especially given Costa's deal to stock M&S sandwiches and other FTG products, which is a market-leading move that recognises consumer disappointment with their own FTG development.
- More FTG specialists will look to **take their product to consumers**, rather than waiting for a full return to offices, much in the same way that Pret has, with grocery ranges, mobile services, delivery offers and new location strategies.
- The **market will recover further, rising above 2021**, despite the expected poor start to the year; FTG Revenues are forecasted to reach £24.15bn

FTG Market Outlook - 2023

2023 & Beyond –

- We forecast that a return to normality will be seen starting from spring in 2022, **continuing to build through 2022 and into 2023**; but there has to be concerns over a winter period at the start of 2023, with either new variants of covid arising, or simply seasonal pressures on the NHS again. This will **put pressure on returning to city centres again, for the winter period.**
- The **longer-term forecast for city centres however is robust** and will see growing numbers of businesses and workers based in city offices. The Deloitte London Crane Study monitors the amount of offices in development, and their most recent study (November 2021) identifies that there is 3.4million Sq Ft of office space in development, an increase from the 3.1million previously calculated, prior to Covid.
- The FTG market will feature the following developments:
  - **Partnerships between emerging brands** and established retailers
  - Further **evolution of brands' location strategies**, taking products closer to consumers
  - **Delivery solutions** from established platforms such as Deliveroo and Just Eat will continue to grow, with more products available immediately, from platforms such as Gorillas or GoPuff
  - **Packaging will change to more sustainable formats**, driven by the Single Plastic Tax being introduced in April 2022.
  - Drive Thru solutions will flourish, with more **brands moving towards faster food access**
- **Better for you, better for the planet** will become a permanent feature for FTG. The growth of **plant-based options** will continue, along with the introduction of **cultured meats,** in a move towards reducing carbon footprints.

Developments - **Foodservice-led** operators' perspectives

>> **Developments:**

- Short-term developments are focused predominately on getting back to stable levels of trade and profitability however one eye is being kept on the medium-term opportunities to extend reach and go to where customers are.

- Some operators are looking to follow the likes of Pret, by developing new ways of reaching customers, such as franchising, concessions or partnerships; for example, Tortilla are extending their partnership with Compass to open up on University campuses. Hop is a further example, both building upon their partnership with Reef dark kitchens for delivery and considering opening in travel or shopping locations.

- Digital utilisation is being adopted on a widescale basis, apart from in those operators who feel that the personal service is a critical part of their brand promise, eg, Chop'd. It is expected that there will be further digitalisation, with Pret considering ways to embrace it.

>> **Developments (cont'd):**

- Reopening closed stores, or expanding into vacant spaces is seen as a longer-term project, rather than rushing. Most central London operators lost significant sums of money in CVAs or administration and will be slow to build back.

- Delivery continues to be a focus for most operators, working in collaboration with Feed'r, Deliveroo, or Just Eat for Business, but also expanding into Dark Kitchens for all-day trading potential.

> "We need trade to stabilise so that we can assess the P&L and then decide how, when, where to expand."

Developments – the **Retailer** viewpoint

>> **Developments:**

- Ambitions around future food-to-go solutions across food retail have grown. This creates some fantastic new opportunities, but because retailers are thinking differently around the food-to-go opportunity in many instances, this is often not about putting more food-to-go product on shelf, but instead about cultivating different ways of working and building new partnerships.

- This means food-to-go suppliers could find themselves competing, indirectly or directly, against high street food-to-go brands. A follow through from this is that the best food-to-go suppliers need to think well beyond their products, not just to the needs and missions they meet but also to what is the best in class solution and environment through which to sell that. Some already do this well, but retailers will increasingly look for this.

- An additional layer to this comes from how to fit that best in class application – or an iteration of it – into the specific retailer's unique environments. This becomes harder when it comes to conveneicne and forecourts.

>> **Developments (cont'd):**

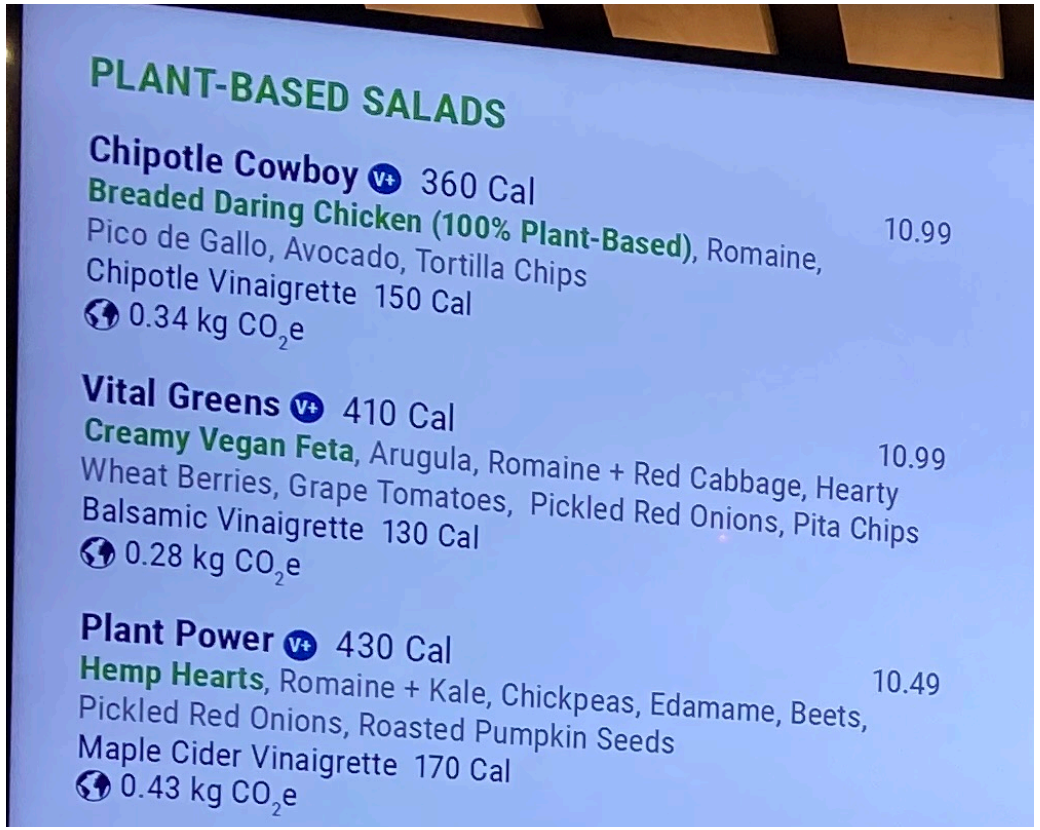
- There's a growing focus on building a modular approach to meeting distinct food-to-go needs or missions. Much inspiration has been taken from food-to-go in retail in Ireland, and the approach is often similar – a selection of retailer own operated sub brands (sometimes driven by specific suppliers) alongside the opportunity to showcase key brand features as part of this proposition.

- With this in mind, being able to demonstrate best in class execution is increasingly key for suppliers.

> "There's massive potential across our estate. In many instances we need help to be able to take advantage of that."

Future of Responsible Living – Transparency & Carbon Footprints

Sustainability and care for the environment are more-prominently being displayed by operators, recognising both their desire to make a difference, but also to meet consumers expectations and desire for more responsible living.
We expect further developments such as the announcement by Starbucks to take their actions further down the supply chain, by working with Arla's dairy farmers to help reduce emissions from cows, whilst another step forward is seen at Just Salad in NYC featuring the carbon footprint of each salad bowl on their menu.



Left:
Just Salad displaying the carbon footprint of each dish on their menu.

Right:
Partnership between Starbucks and Arla in the UK on a project to reduce emissions from dairy production.

18 NOV 2021

Starbucks to work directly with farmers to help reduce emissions

- ***From January 2022, Arla and Starbucks will develop and pilot a new sustainable dairy sourcing blueprint for Starbucks, designed to help reduce the coffee chains carbon emissions from dairy***
- ***At the end of the three-year pilot, Starbucks hopes to scale the blueprint to support Starbucks dairy suppliers across Europe, Middle East and Africa (EMEA).***
- ***The pilot will work with 14 of Arla's UK farmer owners, bringing in the broader scientific and sustainable farming expertise of Arla and working with an independent advisor appointed by Starbucks***
- ***This supports both Starbucks ongoing commitment to reduce greenhouse gas emissions by 50 percent globally and Arla's target to reduce greenhouse gas emissions by 30 percent per kilo of milk by 2030***

Future of Health & Wellbeing – personalised and targeted

Accelerated by covid, but a long-term trend, consumers are realising that food plays such a key part of health and well-being as well as boosting immunity, and so we are seeing growth and developments of retailers and products that set out to support this.
Natural Fitness Food is a personalised nutrition concept providing tailored meals and drinks, either through subscription or through retail stores within Canary Wharf and Third Space gyms.
Nourished 3D-printed personalised gummy vitamins are a subscription product combining two developments (3d printing and Personalisation) in a very attractive way, promoting their service as being 'The Inner Defence Stack'.

NATURAL FITNESS FOOD

GET AHEAD OF YOUR GOALS WITH A BESPOKE NUTRITION PROGRAMME

Starting in January 2022, **our head of nutrition will work with you to create a bespoke nutrition programme**. Not only will you be coached through your eight-week plan but you'll be given the tools and techniques to ensure lasting change.

It's the perfect way to kick start your 2022 and get ahead of your health and fitness goals.



NOURISHED



Future of Engaging Experiences - new food experiences to create more reasons to visit

Grocery retailers do not want to miss out on the trend for experiences, nor on the foodservice trend of food halls, and so we have seen larger stores convert unused and unrequired retail space into foodservice-led food halls.
Sainsbury's have worked with Boparan and their suite of brands to convert a food hall previously run by Hana Group, into a more attractive 'Restaurant Hub' with well-known brands, including Slim Chickens, Carluccio's, Gourmet Burger Kitchen, Ed's Easy Diner, and Harry Ramsdens.
Asda, now owned by EG Group, have done similarly, introducing a new Food Quarter into Milton Keynes store, featuring exclusive brands owned or franchised by EG Group. We expect to see further developments like this with the same retailers and others.





Future of Engaging Experiences – In Retail settings and at Home

The retail environment was changing slowly a long time before Covid, but change has been rapidly accelerated as consumers switch their spending behaviours from the High St to online; as a result retailers need to change and deliver an experience that can't be easily replicated at home. We expect to see any more retail concepts take over High St spaces, providing more than just goods for sale. Biscuiteers is one example combining a retail product (iced biscuits) which make for excellent gifts, with both a café and an experience, with icing classes held in the café/workshop.
As Retail has changed, so has the wider hospitality market, introducing the DIY meal kits in order to enable consumers to replicate the restaurant experience at home, without losing sales to grocery retailers or delivery platforms. Whilst restaurants have re-opened post lockdowns, the Make-Away offer is continuing to thrive.

GREAT FOOD 2U

We've partnered with some of the UK's best restaurants to bring you their D.I.Y. Meal Kits, straight to your door.



Future of Life Logistics – even greater convenience

Delivery continues to play a more important role in society, and the expectation of immediacy only rises. Services such as Getir (from Turkey) Gorillas (from Berlin) and Weezy (UK based, but recently acquired by Getir) have been steadily building, providing grocery and convenience products within 10 minutes. Most operate out of dark stores with riders on bikes or mopeds. The major supermarkets are exploring this type of service, but their model tends not to work against specialist set-ups; Ocado have their 'Zoom' service delivering on the same day, Sainsbury's a partnership with Chop Chop electric bikes, but these are add-on's to normal store operations, whereas Getir et al are dedicated to immediate delivery. Coop in Milton Keynes have been working in partnership with Starship Enterprises' robot delivery vehicle for 3 years, removing the need for delivery drivers, whilst still delivering speedily. We expect many further developments of both quicker and automated deliveries.



Left:
Getir's operation uses pickers in a dark store, laid out much as a convenience store.

ocado Zoom

Groceries in a flash.

Right:
Starship robot deliveries in Milton Keynes, in partnership with the CoOp



Left:
Ocado provide same day service from one depot as a trial for their Zoom app.

Below:
Gorillas are now trialling a partnership with Tesco from 5 stores in South London.



Technological Developments – Robotics

A new development by automation company Karakuri, has been introduced into the Ocado head office in Hertfordshire, further enhancing Ocado's reputation as leaders in robotics and automation. The service has been introduced by facilities and catering provider Atalian Servest, who provide the ingredients and manage the kiosk.







Key Take Out:

Robots are at the early stage of implementation, and could be considered a gimmick, but automation is going to play a larger part in the FTG market in the next few years.

These are not practical applications at the moment, but there will undoubtedly be further development both by automation companies and food / ingredient suppliers, exploring ways to make these more suitable.

We do not expect automation to replace foodservice, but to add to overall service provision, especially in locations or situations where 24hr service is needed.

FUTURE // FOODSERVICE

BORD BIA Thinking House

Contents:

Executive Summary

Market Dynamics

Market & Consumer Trends

Future Developments

>> Appendix

> Retailer Profiles

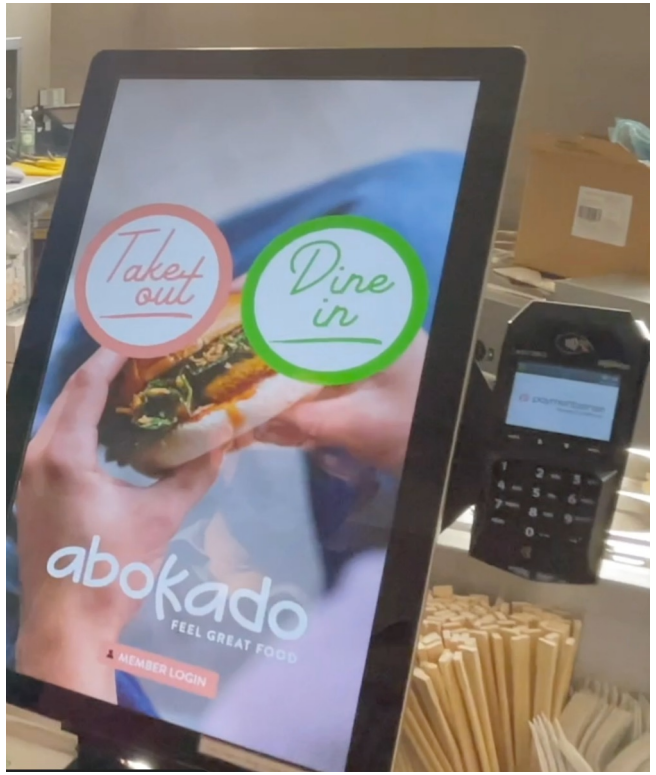
> Category Analysis

> Retailer Perspectives

Abokado
(several locations across London)

Abokado underwent a CVA process in 2020, resulting in some of their stores closing; Mark Lilley, the original founder restarted the company, acquiring 6 stores spread across London. The stores tend to be in secondary locations, which make them more efficient to run in times of reduced volumes. Digital order screens were introduced in 2021, in order to reduce labour costs and enable more effective customer personalisation; these screens have also witnessed higher average transaction spends, as it is easier for customers to build their baskets. Well-known for their eclectic food range of bagels and porridge at breakfast, sushi and noodles at lunch, they are also growing their coffee sales through their loyalty app.







Key Take Out:

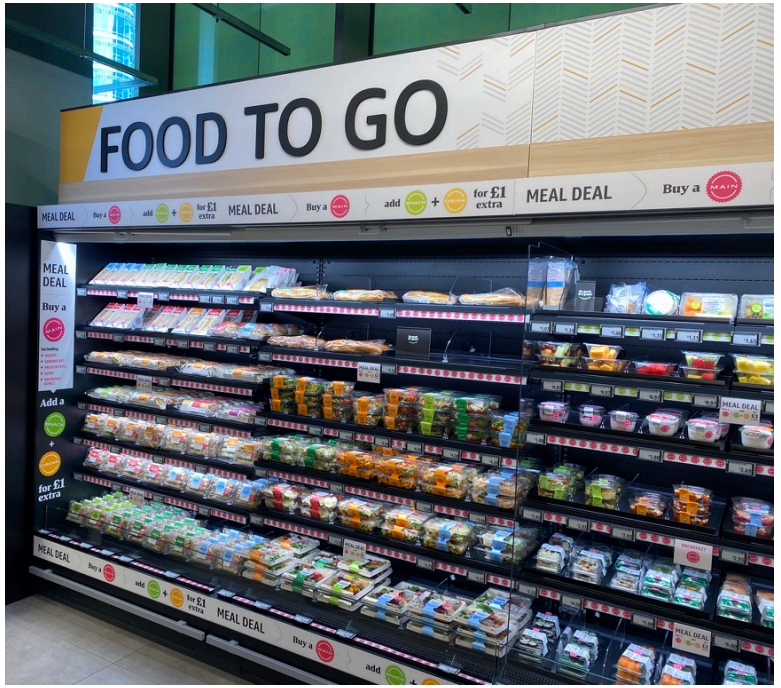
Whilst the CVA process is difficult for all concerned, the new **business is set for further growth**, albeit at a slower rate. Marketing and promotions are concentrating on **targeting specific growth areas**, rewarding **loyalty and increasing average spends**. It does become easier for Suppliers to **introduce new products** on a trial basis, as they can be **added onto the digital screens** relatively simply to test demand.

Amazon Fresh
(several locations across London)

There's been a steady expansion of Amazon Fresh convenience sites across London over the past year, with 15 trading at the end of 2021. Expect this rollout to continue and to extend beyond London in due course. The tech impresses, but so too does the product range, in particular across food-for-now and food-for-later, with a focus on global cuisines supported by high profile UK grocery industry partners, not least through existing relationships with Booths and Morrisons.









Key Take Out:

The tech is great, and the **range stands up well** in comparison to the major convenience/FTG retailers. **Flexing the proposition by location** would appear a likely next step – **support from suppliers in how to do this could be an opportunity**, and there's scope for more innovation. The promotional strategy has focused on discounting, so at some stage **added value, unique and speciality lines could be introduced**. However, an implication of the Just Walk Out tech, is that the model copes better with fewer SKU counts than many convenience stores currently carry.

ASDA On The Move (Beaconsfield, Buckinghamshire)

Development of food-to-go at ASDA lies predominantly in partnering with brands and introducing concessions in-store, previously with McDonald's, but recently accelerated under new owners the Issa brothers (who own EG Group); Panku (Korean, Japanese and Thai streetfood) from Snowfox group (Yo! Sushi) have expanded across many ASDA sites. Further concessions are now being trialled, including franchised brands Cinnabon and Sbarro pizza, and recent acquisition Leon.
The On The Move concept is being applied to selected EG Group forecourts, with significant rollout planned. Beaconsfield is a premium twist on the core Asda On The Move, with significant branding of Asda's Extra Special range. A more standard meal deal – including main, side and drink, and priced at £3.50 – is in place at this store.







Key Take Out:

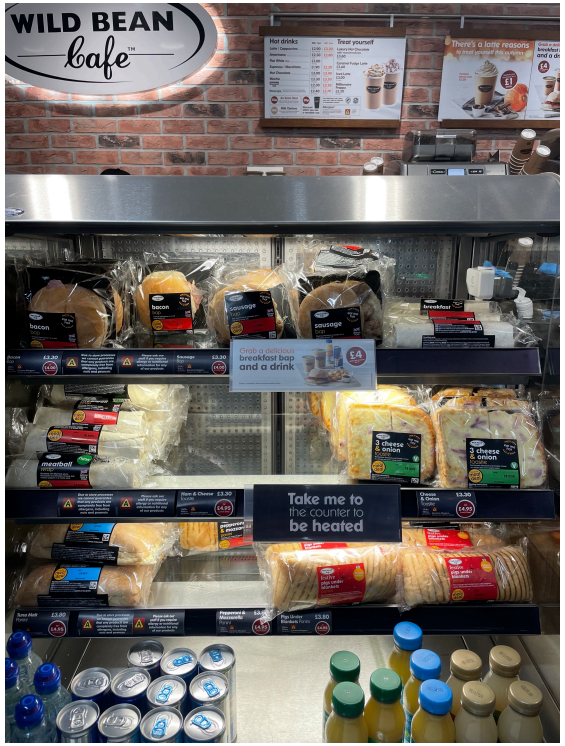
A strength of the Issa Brothers to date (with EG Group) has been in assimilating well known branded propositions into its footprints, and it seems set on a similar strategy with ASDA. **Rather than investing in significant food retail NPD, it will rely on external partners, which will provide more reasons to visit but could risk leaving its in-house food-to-go offer lagging behind competitors.** Another feature across stores recently has been a willingness to give brand features in aisle. A supplier, or group of suppliers, able to do this in ASDA's main food-to-go section could therefore have a major opportunity to boost profile.

BP Wild Bean Cafe
(all stores)

20 years after launching, BP Wild Bean Café continues to thrive as it meets consumers' demands and desires for convenient solutions that deliver both a coffee shop experience and some indulgent products. The key market for BP with Wild Bean Café is commercial drivers (Trucks, Vans and Sales Reps), yet it doesn't want to alienate other users; their partnership with M&S appeals strongly to female drivers, whilst the WBC offer concentrates on providing hot, filling, and less-healthy products!
Value is still important, countering consumers perceptions that roadside sites are expensive, and so promotional efforts are placed on meal deal combinations.









Key Take Out:
Bakery products feature predominately in the WBC offer, providing indulgence and big-eating sensations, and yet the operational side needs to have simple frozen bake-off solutions. Any products that are complicated to produce are not desired. **There are opportunities for** a wider-appealing range that deliver **healthier eating benefits but are still easy to produce and serve** – with self-service a prominent feature.

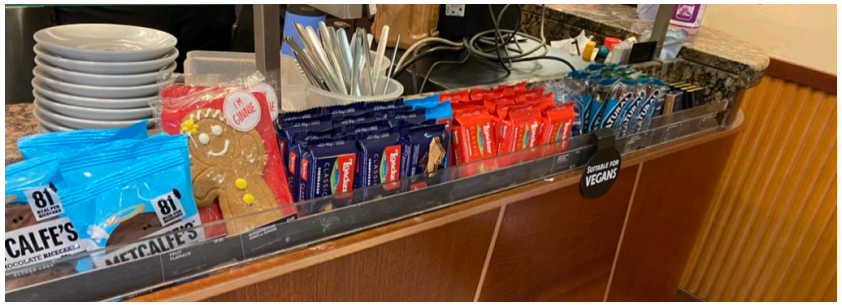
Caffe Nero
(all stores)

Among coffee shop operators, Caffè Nero has been more active in developing its food proposition. In some stores a serve over salad bowl style proposition has been tested, but in most (as below) it is more focused on a grab and go proposition. The fundamental principle behind developments is a desire to improve the food offer and compete harder for key FTG missions. The introduction of salad bowls for example goes beyond what we've seen from most other coffee shop players. There is some regionality in ranging, and opportunities for branded snacking products outside core central London stores.









Key Take Out:

Caffè Nero's position as the number 3 player in the coffee shop sector, with over 600 stores, **gives scale but also the need to differentiate,** both from larger players Costa and Starbucks**, but also fast emerging players such as Black Sheep Coffee and Paddy & Scotts.** There are clear opportunities around food, and in particular snacking. While previously the Italian heritage was important, Nero has realised that a broader range is important.

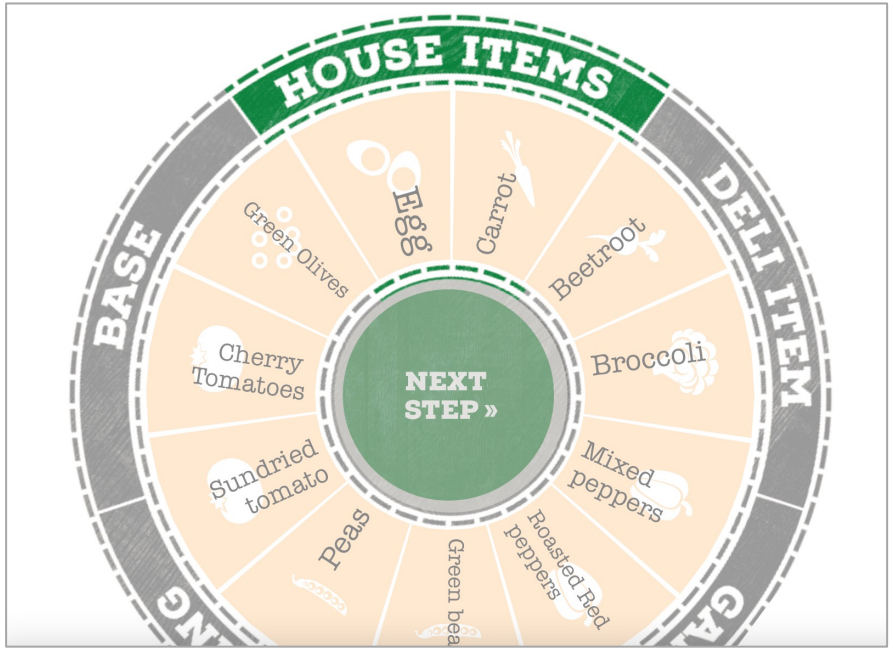
Chop'd
(Central London)

With a reduced store estate of 7, from a pre-Covid 12, Chop'd has continued to trade despite reputedly being put up for sale by new owners, Inc Retail, in November 2021. The brand has a mixture of stores across London, including a strong-performer (when exhibitions are on) at Excel, but their stores in the North closed. Chop'd has always focused on healthy food and feature a nutritional calculator on their website to allow for calorie counting of personalised salads. Chop'd has also been a strong advocate of sustainability practices and changed its packaging to environmentally friendly alternatives to plastic. Fresh products are purchased from local providers as much as possible, including tofu produced in Brick Lane.



201,500
Plastic Bowls
Saved From Landfill

3,526,000
Bags Saved From
Landfill



Key Take Out:

Chop'd is a **simple operation** with most products **assembled in store to order**, although there are prepared and **packaged supporting items**. Items with **defined health benefits** will fit the brand ethos, as demonstrated by Chop'd selling **TRIPP CBD-infused drinks**. Sustainability is also of high importance for Chop'd, so any potential supplier needs to have **strong environmental credentials**.

Coco Di Mama
(Central London)

With 15 stores in London at the start of 2022, having closed several in 2020, Coco also has presence through its pasta menu being available through sister company, Zizzi, for delivery from 150 Zizzi restaurants, via Deliveroo. Coco also tied up with Sainsbury's to provide fresh baguettes and salads into central London Sainsbury's Local stores; made in Coco's new central production kitchen, these products are sold outside of the £3.50 meal deal, enabling consumers to trade up into a premiumised product. Coco keeps developing new ideas to stay relevant, including introducing a new, cheaper, filter coffee; and they act as sustainably as possible including using pasta straws and replacing plastic water bottles with cans.







Key Take Out:

Coco is an **adventurous brand** that tries to push the boundaries in approach; known for its **spirit of generosity**, Coco tries to entice and engage with consumers, retaining strong loyalty. The **same approach is required** from suppliers, with a strong focus on **sustainability and environmental** credentials. The new Coco **CPU could require more support** to enable efficiencies.

Cojean
(Central London)

Entering the UK market in 2017, Paris-based Cojean now has six sites in central London (with one temporarily closed). Bringing a large dash of French style to London workers, Cojean offers a range of hot and cold food-to-go in disposable packaging, whether eating in or taking away. There is a strong focus on healthier dishes and drinks, however the bulk of products sold are bread-based sandwiches & baguettes. That said, there is differentiation in the range of hot food, reflecting its French heritage – and an associated price premium.







Key Take Out:

With an international consumer demographic, it should not be a surprise to see market entry in London from leading brands from other countries, and we ought to expect more. Most will be Fast Food brands from the US, but there are other concepts from other countries, such as Cojean, looking at a resurgent London as a market to expand into. **The food offer needs to be distinctive however, as the concept will struggle if it is simply based upon a pleasant design.**

COOP On the Go
(Farringdon, London)

Coop's longstanding focus on FTG has been accelerated through its recent development of dedicated Coop on the go formats, with three sites in London and two in Manchester. These include new innovations around cold drinks, hot food and sub brands to help boost range and perceptions of the sites as FTG destinations. Traditional sandwiches are a mainstay of the meal deal offer but they also offer the Yo!, Rollover and Pollen & Grace ranges to provide premium offers.
Costa Express coffee is in most stores, but they have also developed their own brand 'Ever Ground'.







Key Take Out:

Coop seek to add new elements to their FTG offer that are simple and straightforward to support in-store; the F'real shakes machine is a good example of this, being long-life and self-contained. Coop is also keen to act on key trends, such as their 'Gro' plant-based range.

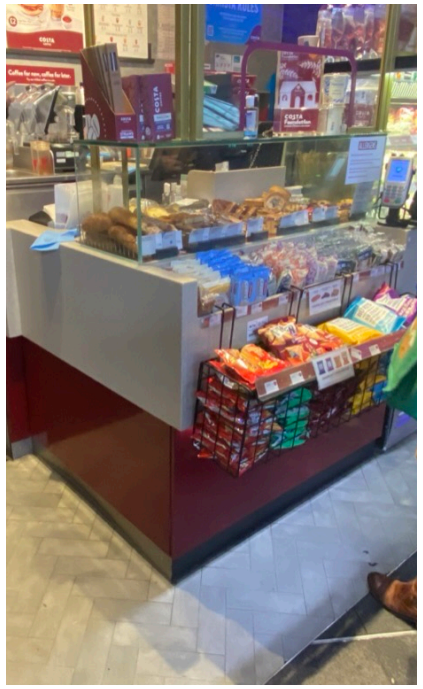
Showcasing the fit with local mission relevance and a community focus will however be important for suppliers, as well as **supporting healthier, global, innovative hot food and snacking.**

Costa
(all stores)

Costa was the biggest single coffee shop brand in the UK before its acquisition by Coca-Cola at the start of 2019, a position it retains, with over 2,000 UK outlets. Since then, there's been development of the Costa brand in RTD retail formats, but Costa stores and Costa Express machines remain core. Costa has always struggled to deliver a quality food offer, so it was no surprise to hear the announcement of switching supply of c30 lines of sandwiches, hot food and children's boxes to M&S. Final details and product listings have yet to be confirmed, but indications to date point to this excluding snacking and drinks.









Key Take Out:

Coca-Cola has a clear strategy to expand Costa into an FMCG brand, but the retail stores and in-store range remain important. With the advent of M&S products we can expect to see a wider range of supporting snacking products from other brands - if non-competing with Coke.

Costa will always be **a mainstream offer, with limited innovation but potentially big volumes. Having the brand profile to fit to this will give a higher chance of success, as will ensuring a fit with the ready to serve style operating model**.

Farmer J
(various stores in London)

Farmer J is very much a rising star in the London food-to-go landscape. Currently operating six stores, two more are due to open in the coming months. It's one of the few London food-to-go outlets that consistently has queues at lunchtime. The offer is natural, seasonal and healthy, delivered in the form of a field tray, including one main and two sides, drawn from a rotating menu. Good quality produce and protein lies at the heart of the proposition, which resonates very well across London. Though not a low cost option, it delivers good value for money in the quality of the offer.



Left –
Often a queue at peak periods, as service is complex, but still desired.

Right –
The Field Tray, Main, Base, and 2 sides.
Provides a significant main meal



Key Take Out:
Drawing very much on quality, fresh, seasonal, this is a great example of an operator delivering healthy meals that don't compromise on taste. These principles will stand Farmer J in good stead for further expansion, and will increasingly be emulated by others.

Gail's

Gail's is a bakery café concept that delivers excellent and differentiated product in a warm and welcoming environment. The ambience, supported by staff friendliness, have helped to create a formula that has supported significant recent expansion. Gail's has always been focused on London neighbourhoods rather than the city centre, and this has been a good fit with where trade has been over the past two years. It's used this as a springboard to move into a growing number of London neighbourhoods and commuter towns: Cobham, Tunbridge Wells and Greenwich have been among the recent openings, with Harpenden soon to open.







Key Take Out:

Gail's success shows the importance of environment in providing a platform for great product, it also shows how chains can fit neatly into local communities. Its locational strategy is one that others could look to follow, given the challenges around high cost-to-operate and continuing subdued footfall in city centre locations. Considering opportunities beyond central London is therefore key for operators and suppliers alike.

Greggs
(all stores)

Greggs remains a key benchmark in the food-to-go landscape. Amidst covid there has been less recent focus on menu innovation, but there has been a continuing focus on expansion, particularly around travel and retail park locations, albeit in some instances with overall expansion hampered by the closure of older sites as Greggs revises its property portfolio.







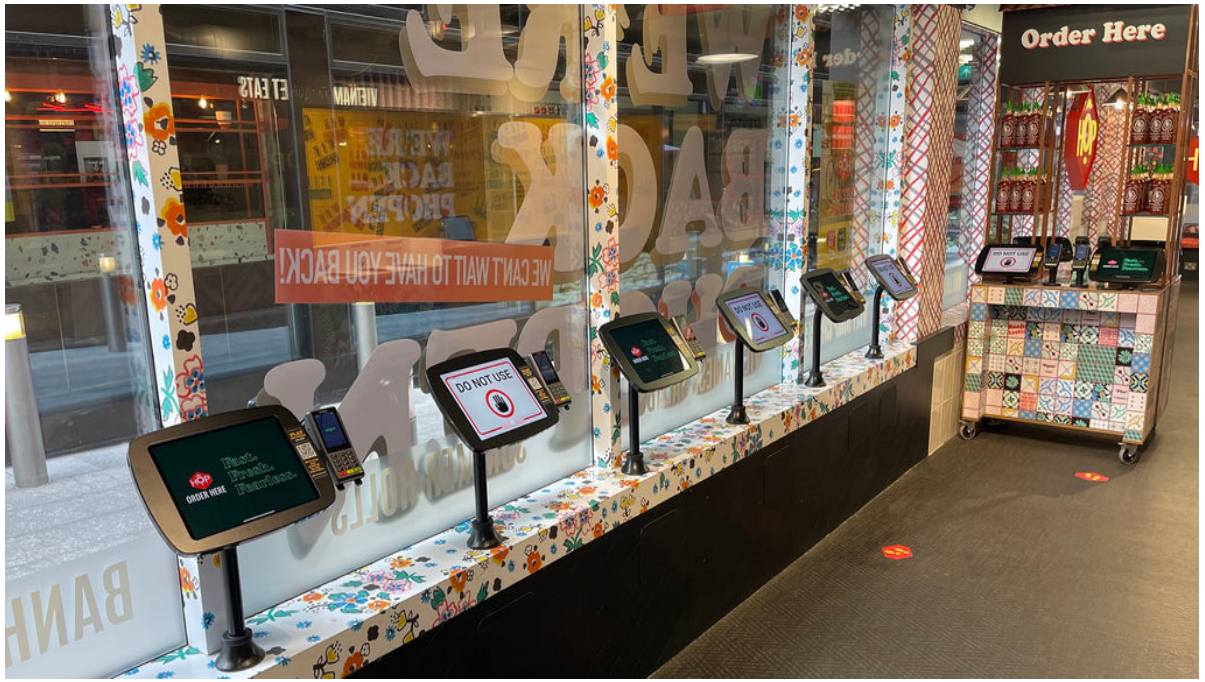
Key Take Out:

For food suppliers, the opportunities are limited, due to a Gregg's using their own supply chain and in-store expertise, however there are opportunities to help Greggs to better meet newer FTG missions. **Hot food is one of these, but so too are its healthier eating range, especially salads as 'Better for You'** products are required to offset their more traditional, **more indulgent range.** Greggs is a mainstream brand and fairly conservative, but **opportunities exist in their drinks range.**

HOP Vietnamese
(2 stores in City of London)

HOP underwent a CVA in 2020, closing down several stores, and are now rebuilding with just 2 physical sites in Broadgate and St Pauls, but also license the HOP brand to REEF for use in their dark kitchens; REEF currently operate HOP in 4 kitchens around the Eastern flank of London.
HOP rebuilt their stores, implementing digital order screens and the Vita Mojo system, to shift their focus on labour resources away from order-takers, and into food order preparation, recognising that labour was hard to find and becoming more expensive, but also that customers would value fresher products and the opportunity for greater personalisation.





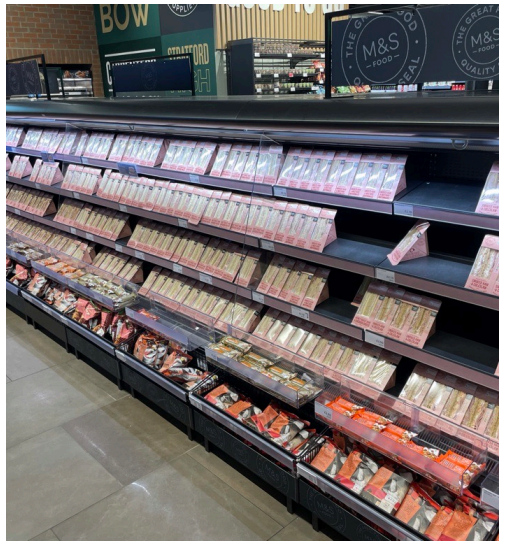
Key Take Out:

HOP has **limited opportunities** for branded snack FTG products but is **always looking for support with new ingredients** that suit its fresh, hot Asian foods; identified opportunities are for **multi-use ingredients** that can be a part of main courses or can be sold separately as a side for example.
HOP is **looking for investment** so that the brand can grow further again.

Marks & Spencer
(Stratford, London)

M&S has a strong core FTG product offer, leading to partnerships with SSP, BP, Moto and – most recently – Costa Coffee, which will list hot and cold M&S food from early 2022. Current developments in larger and newer stores include a stronger focus on prepared in-store, for both hot and cold FTG, providing innovation, value, experiential and healthier ranges. Own label brand development is key to M&S, including examples such as the Plant Kitchen range. M&S continue to partner with Hana Group with the Mai Sushi concession (a premium version of Sushi Gourmet)









Above Right – Sandwich range becomes a fairly boring product offer, but still provides value to consumers.

Above Left - Mai Sushi – a concession from Hana Group

Above Left – Freshly made Baguette and Juice meal deal at a higher price point, creating a premium differential

Above Right – New developments with flavours and formats provide further premium and exciting options.

Key Take Out:

M&S's private label offer is strong, and it **continues to push on in terms of developing better for you elements in its offer**, but there's scope to do more. In particular, we see an **opportunity for drinks and snacks suppliers** to deliver in territories where private label products are harder to embed. But equally similar opportunities could exist in more speciality food-to-go main meals.

M&S Simply Food
(On BP forecourt sites)

M&S's partnership with BP continues strongly, providing an food-to-go offer for those on the roadside, alongside a convenience-based top-up shopping solution. The M&S food-to-go offer sits alongside the in-house Wild Bean Café offer, which concentrates on a baked pastry range and hot beverages, whilst the M&S FTG range is sandwich based.
Value (relevant to the location) is key to the M&S offer, with a lunch meal deal priced at £4.95 for a 3 item sandwich, drink and snack combination; This is expensive compared to other major supermarket value meal deal prices, but offers value when considering the price of a single sandwich at c.£3.80.
The Christmas range provides a sweet option with either mince pies or mini macarons included within the meal deal.





Key Take Out:

M&S continues to demonstrate that **innovation helps to deliver incremental value** to the overall offer.

Recognising that this partnership with BP is focused on meeting **consumers' needs for convenience**, M&S' focus is on **delivering great quality and innovation**, combined at the right value position.

Suppliers can concentrate on helping M&S to innovate and **increase the variety of offers** for consumers on the go.

Morrisons Market Kitchen
(various locations)

Morrisons' core FTG offer is adequate rather than inspiring, however its Market Kitchen concept is standout; Building on the same food maker principles that drive its wider sourcing and prepared meals in-store, it has developed a street food-inspired counter concept, with varying offers under their in-house branded counters. This concept has expanded to 12 sites, making a big impact in those stores, but also providing delivery sales through Deliveroo. Morrisons is now better equipped to meet consumer expectations for experiences and convenient solutions, but needs to scale the concept.







Left – Street Food counters, including a vegan offer.

Above – rotisserie chicken highlighting the quality of in-house basting

Above Right – freshly made in-store more traditional FTG product range



Key Take Out:

Supplier opportunities are limited in the core Market Kitchen, where there's a focus on using Morrisons' existing supply chain and scratch cooking of dishes. However, **Market Kitchen will not be relevant for all stores**, therefore an opportunity exists across the rest of the estate **for a different type of FTG solution** that delivers **more-experiential offers and Hot meals.**

Ole & Steen
(various locations, London)

Part of the major Danish bakery chain Lagkagehuset, Ole & Steen is a more premium iteration created for the export market. Launched in London and New York, it currently operates 15 sites in London – and three in New York. Supported by a central bakery and production kitchen, each store has its own finishing and assembly kitchen. Quality bakery products displayed in store windows, together with an all-day savoury and sweet product range, plus ample café seating, lie at the heart of its appeal. Breads to take home are a key feature, as are the 'Socials' products designed for sharing.







Fantastically tempting displays of freshly baked breads and pastries in Ole & Steen's windows and counters.

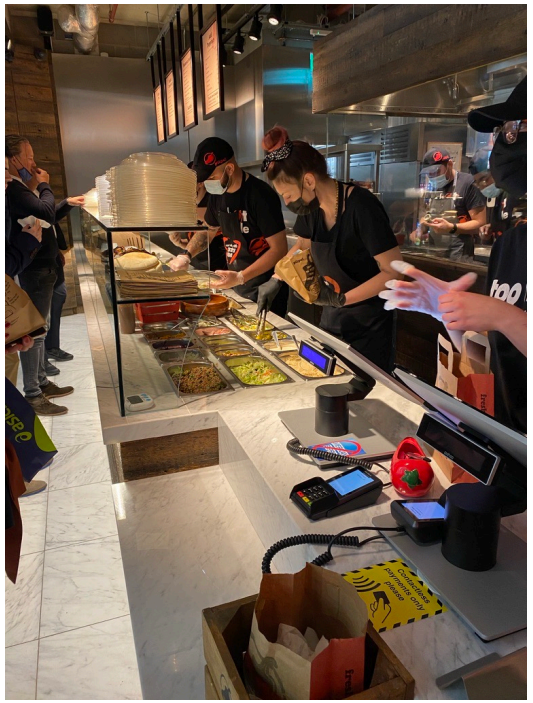
Key Take Out:

Ole & Steen features a wide range of products which are all tailored towards an engaging experience. However they also have a focus on the environment by seeking to minimise their waste; a partnership with Too Good To Go helps to do this through £5 goodie bags available at the end of the day through the Too Good To Go app, as part of its movement to reduce food wastage.

Pilpel
(various stores in London)

Pilpel has been around for over 10 years, quietly leading the way with flexitarianism, by selling falafel without shouting about the meat-free nature of it. It does falafel very well and has constructed a seven strong chain across London off the back of growing consumer demand. It's a great example of a cuisine and product type that is by its nature meat-free.







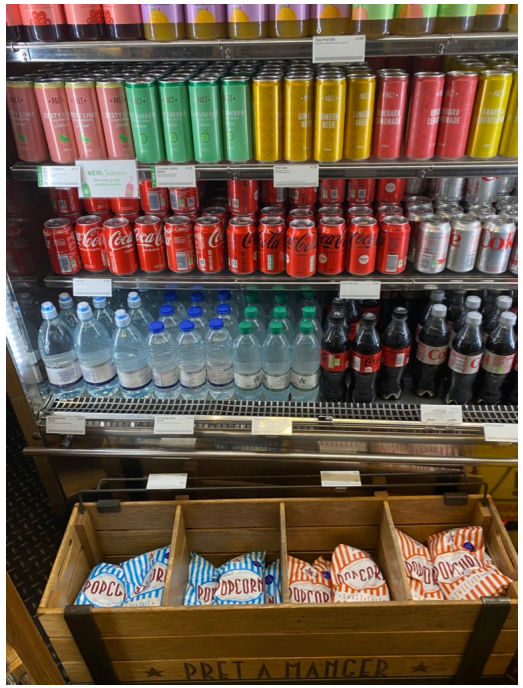
Key Take Out:
Eastern Mediterranean meat-free cuisine focused on falafel and hummus is becoming a bigger component across a range of food-to-go offers. For dietary and environmental reasons, this trend appears set to continue and accelerate.

Pret
(all stores)

Pret remains a key benchmark in the food-to-go space, but has faced unprecedented challenges over the past two years with an estate heavily focused on city centre locations. Its strategy in response has been to move closer to its customers, something it's been able to do in a variety of ways, whether it be through partnering with the likes of MFG (forecourts and Tesco to open on their sites, developing Pret products for retail in areas such as coffee, pastries and granola, or in nurturing its own subscription model to build closer engagement and connections with its most loyal customers.









Key Take Out:

The opportunities with Pret will largely focus on private label ingredient supply – there are very few non-Pret products in-store. Pret remains a benchmark and trendsetter for the broader market, so **what Pret does today, many others will look to do tomorrow.** A focus on **doing business sustainably, including a strong plant-based range,** are important elements for suppliers and non-suppliers alike to take heed from**, given both the direct impact and the ripple effect across the market.**

Pure
(19 stores in London/Gatwick)

Pure has a reputation for natural, healthier food, focused on breakfast (a key strength is eggs) and lunch. Its menu offers good coverage of plant based lines and it is a longstanding benchmark in the food-to-go space in London. In-store production, including in-store baking, is a core element of the offer. It has been developing its own subscription model, with Pure+more, which offers 20% off every order, a free smoothie on Mondays and a free coffee on Fridays for £4.99 per month. It also encourages more sustainable actions where it can, eg substantial discounts for customers bringing their own reusable coffee cups to stores.











Key Take Out:
Pure has built a strong reputation in the London food-to-go market, delivering quality food in attractive store environments. **Opportunities for branded suppliers are primarily in snacking, the potential here will be greatest for those brands whose back story has a strong better for you, better for the planet focus.**

Sainsbury's
(various locations)

Key recent developments from Sainsbury's in food-to-go include:

1. Extending and relaunching its meal deal at a £3.50 price point, adding hot food and bakery lines in larger stores. New lines in drinks and snacks have been added.
2. Testing dedicated lunch at home ranges, designed for office workers, working from home.
3. Collaborating with Boparan Group on selected new concepts, including a food court with various Boparan Group brands at Birmingham's Selly Oak and a Caffè Carluccio's concept launched in St Albans.







Key Take Out:

Sainsbury's remains open to working with other brands that have credibility in a specific area – for example it already works with Leon and Crussh. One read through from this is a recognition that the core Sainsbury's private labels can only go so far in terms of product and added value credentials. **Talking to Sainsbury's on the basis of introducing brands that stand out and attract new customer groups into the offer therefore offers good opportunities.**

Sainsbury's Pick n Go
(High Holborn, London)

Sainsbury's has not been afraid to trial new concepts and test new store formats, and have pushed on with developing a fully automated, till-less store, working in partnership with Amazon to use their Go technology. The new format store is in High Holborn, opposite their head office and across the road from another Sainsbury's local store. The till-less store requires scanning both in and out, which is a different approach to both Amazon and Tesco; it is also quite a small store which features a normal range of food-to-go products, so they have been cautious with the first trial, in a similar vein to Tesco.







Key Take Out:

The value-driven meal deal is still the main driver for Sainsbury's FTG sales, and so the focus for store development is on simplification and using technology to reduce operating costs. If this model is extended by Sainsbury's, then it will likely look to extend choice – and category coverage – in these stores. Calling out the **different missions and customer groups that your products could help attract to the concept** could be key in gaining listings, **which will inevitably be harder to attain than in the core estate.** We'd suggest proposing **meal and mission solutions** rather than individual products.

Starbucks
(Kings Cross – SSP franchise)

SSP's franchised arrangement with Starbucks was completely halted in 2020, but all sites have since re-opened and are re-building strongly. Fitting in with consumers' demand for convenience, the product offer within these Starbucks stores has innovated to provide food-on-the-go solutions such as the Macaroni with three cheese sauce in a convenient box format (heated in the in-store Merrychef combination oven). Breakfast, Lunch and evening meal occasions are all met, as well as the indulgent treat occasions with new products such as the Chocolate & Orange S'mores Toastie, with a marshmallow filling.





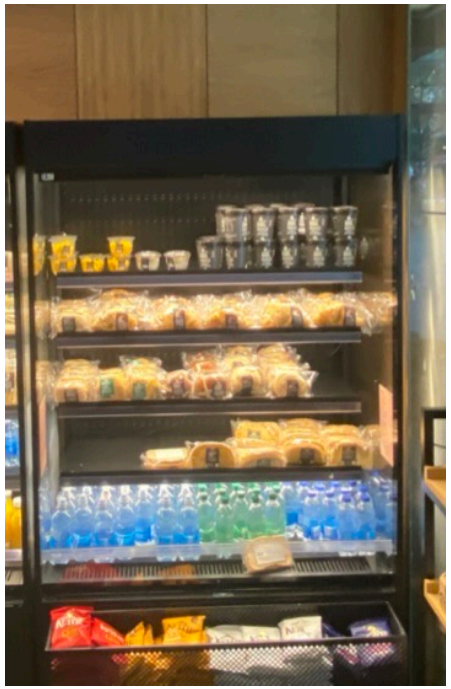


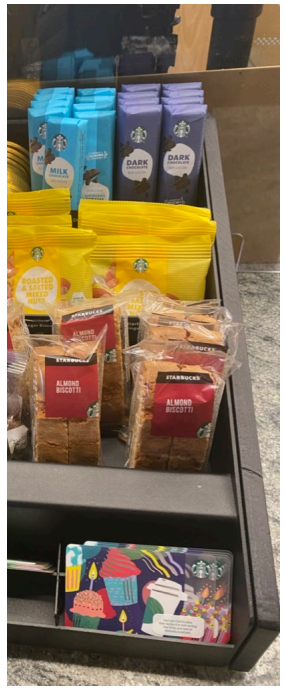
Key Take Out:
Starbucks seek innovative developments from their food suppliers in order to maintain customer relevance, but also to build transaction spend levels for their franchisees; SSP have a landlord/tenant relationship with Network Rail and pay a high level of turnover rent, as well as their franchise fee to Starbucks, so higher spend levels are critical for them. **Suppliers need to focus on more indulgent or convenient products, but it's also worth testing healthier lines, given the broad customer base using travel locations.**

Starbucks
(all stores)

Starbucks has over 1,000 stores in the UK, of which c. 700 are franchised. The core attraction remains very much the coffee, but recently it has grown its focus on developing its food offer. It still feels however, like a proposition that is better suited to snacking missions rather than fuller meal solutions, and within meals, better suited to breakfast rather than lunch. One aspect within this is that it has a good representation of vegetarian and plant-based lines in its offer.









Key Take Out:

Starbucks lists relatively few brands – even in snacking (including non-core areas such as chocolate) its preference is to use its own brand for these lines. **Recent store visits have also highlighted a focus on well-known, major and often global brands** where these are in place**, perhaps pointing to the bigger opportunities for non-global brands being in private label product development.**

Sourced Market
(St Pancras Station)

Initially launched as a farmers/producers cooperative, and inspired by Borough Market, Sourced Market has continued to develop its offer, targeting the busy users of St Pancras, and providing a casual place for a drink and quick bite to eat. There are products to take home, but many are for immediate consumption.
Sourced Market does provide a wide range of smaller producers and emerging branded ranges, and does take a retailer approach to selling products, rather than a branded food-to-go specialist approach of only wanting a limited range.







Key Take Out:
An attractive target for emerging branded ranges, as Sourced welcome the opportunity to sell eclectic products, and there's potential for good volumes and good exposure to be found in St Pancras.

Tesco GetGo
(Holborn, London)

Tesco GetGo is its inaugural checkout free shopping concept, opened in October 2021 in London's Holborn. The technology has been developed by Trigo, and delivers a customer experience similar to that of Amazon's Just walk Out technology. While there's an initial hurdle to entry, through having to set up the tesco.com app registration, the process overall is very smooth. The camera system tracks body movements rather than using facial recognition technology.





Key Take Out:
The technology works well and effectively meets the need for time pressured FTG missions. There is an impact, in that it has a lower density of SKUs vs. traditional stores. Whilst limiting choice, it does simplify the shopper experience. **Important therefore, to truly understand the customer base and list the correct lines; This makes it harder for suppliers to gain listings in these stores, with the need for differentiation amplified.**

Tesco
(all stores)

Tesco's recent focus has largely been on its core offer, but it's not neglected food-to-go, for example recently strengthening its coverage in hot food, where it retains ambitions to grow, and vegan and vegetarian lines, where the Wicked Kitchen brand in particular is a growing presence.
Tesco has a partnership with Yo! to offer sushi, both counter based and pre-packed, across much of its estate. And while the meal deal remains a focus in food-to-go, we're seeing a handful of lines breaking out of that meal deal mechanic, notably Wicked Kitchen and sushi lines.







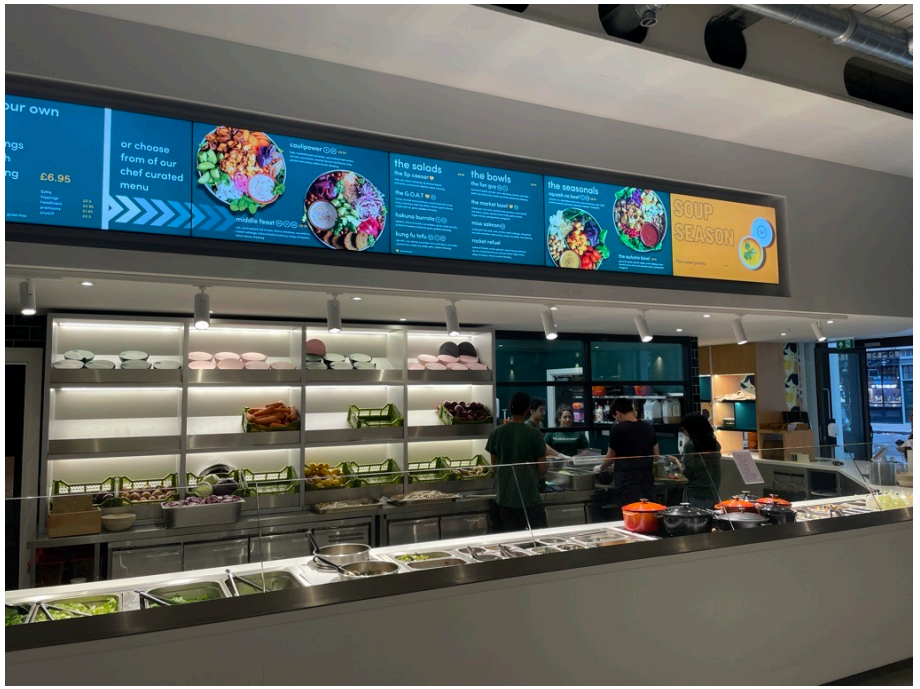


Key Take Out:
Tesco's focus will return to food-to-go at some point, One question is how they can better use third party brands to develop the proposition. **The collaboration with Pret, on products and shop in shops, shows a new way of thinking, which could open up opportunities for other brand implants.** Of course some of this is likely to be private labels like Wicked Kitchen, but there's also scope for other brands – or brand collections/ family – to feature.

The Salad Project
(Spitalfields, London)

A new concept introduced into the London food-to-go scene in 2021, The Salad Project takes inspiration from Sweetgreen in the US, as well as UK-based chains such as Tossed and Chop'd. The founders took advantage of a property market that was offering great incentives for new operators, so this first store had fit-out costs paid and 1 year's rent free.







Key Take Out:

There will always be scope for new, enthusiastic and passionate founders of concepts to launch within the London food-to-go market, despite the current depressed numbers of workers. The long-term prognosis for increasing numbers of workers in London and other cities is very positive.

Tortilla
(Nationwide)

With 60 sites in the UK, and rapidly expanding through a range of expansionary moves, Tortilla is the leading Mexican operation that has performed well through the pandemic and is set for further growth having floated on the London stock market during 2021. Expansion is coming from partnerships with SSP, where Tortilla is replacing the in-house brand, Mi Casa, and with Compass Group, where the brand is being rolled out into Chartwells' University campuses. Tortilla has also opened up dark kitchens with Deliveroo Editions. The offer remains focused on Burritos and Tacos, although the healthier elements are increasing with Naked Burritos and Salads.



Above: The Tortilla in Bluewater shopping centre

Right: The first Tortilla in partnership with Chartwells (Compass Group) at Middlesex University



Key Take Out:

Tortilla has a **narrow range of products**, all centred around the hot fillings for Burritos and Tacos, and **limited supporting products**, much like the mainstream Fast Food operators; It does **operate a CPU in NW London,** where they prepare salsa's, meats and guacamole each day to send into stores. They are **looking for further support** with the CPU from a **greater level of prepared products** as it becomes busier through their expansion.

Tossed
(Central London)

Tossed underwent a CVA in 2020 and was bought out of administration as a much smaller business by the previous management, led by Neil Sebba the previous CFO. The estate is now 12 strong, solely in central London, with the Welcome Break stores closed. Tossed led the way with digital order screens and cashless payment several years ago, and focuses all their labour on preparation of fresh salads. The strapline for the brand was changed to 'Food to make you feel good' to emphasise that healthy food doesn't have to be boring. Expansion will be back on the cards in the future, but in a far slower and considered way than previously, and only once trade in London has stabilised.







Key Take Out:

Tossed predominately sells **a freshly-prepared range of salads**, and so the **focus is on produce**, rather than prepared and packaged foods; **Supporting items are limited**, with Juices being bottled in-store. Opportunities exist therefore in **sauces, dressings and similar products** that are combined with the fresh produce to add value.

WHSmith
(Kings Cross Station & Heathrow Airport)

WHSmith Travel business uses food-to-go as a supplementary driver of spend, exploiting consumers' demands for convenience in an ability to buy everything they need for travelling in one transaction. The food-to-go offer leads with a core meal deal but offers greater variety through branded product ranges from Bol, Yo!, Crussh and Pollen & Grace. Whilst this may be confusing for consumers, the business model focuses on consumers being in a hurry and concentrating on other elements of their mission. The range of food-to-go items is broad, with many branded snack products and drink ranges.







Key Take Out:

WHSmith will always look for new branded products in order to stimulate purchase from consumers who are often time-pressed. Short shelf-life products are harder for them to handle as they don't get huge levels of trade. **WHSmith's listing of other food-to-go brands is one to watch – this could open up opportunities for more branded suppliers to have shelf features, for example in snacking. Balancing shelf life and volume sales will however be key.**

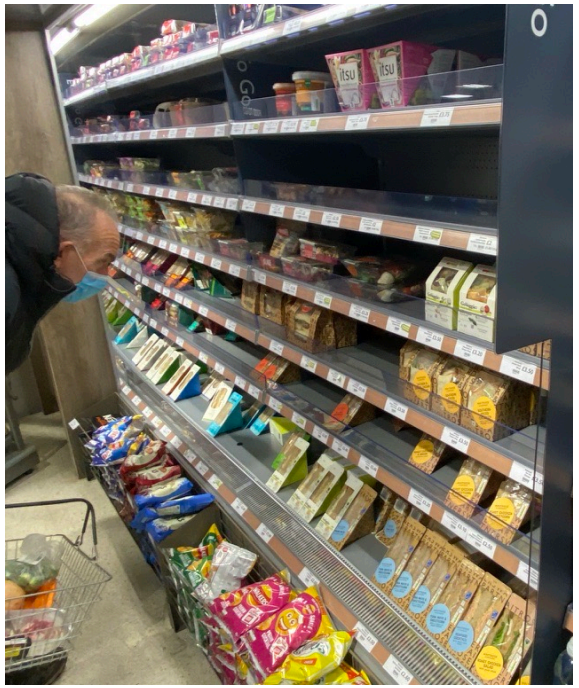
Waitrose (all locations)

From recent store visits it feels Waitrose right now has less focus on NPD than in previous years, and in fact covid has seen it scale back its proposition permanently in some stores around counter-based food-to-go. A recently introduced Go Veggie range covers both food for now and food for later, with strong potential for 2022. Waitrose has continued to add innovative branded lines, eg introducing selected ambient and chilled Itsu lines, including noodle soup. Longer term, the willingness to work with new brands could well grow, especially given Waitrose Executive Director James Bailey previously launched the Future Brands programme at Sainsbury's.











Key Take Out:

Waitrose has the brand credentials to do more in this space, but perhaps not the appetite right now to do it alone. Which raises the potential for suppliers to play a stronger supporting role. The retailer also feels like it's moving away from its free coffee for myWaitrose card holders offer – most machines are currently hidden or retired. At some stage there could be an opportunity for a premium coffee brand for a major Waitrose rollout.

FUTURE // FOODSERVICE

BORD BIA Thinking House

Contents:

Executive Summary

Market Dynamics

Market & Consumer Trends

Future Developments

>> Appendix

> Retailer Profiles

> Category Analysis

> Retailer Perspectives

Introduction

The images to the right, highlight the FTG range at two recently opened Co-op stores outside of London; Co-op's range breadth impresses, but it's important to remember that footfall remains subdued, with implications for stock levels at the current time in particular, as we write in December 2021.

A few overall points to note:

1. The growing presence of plant based items in the core range – with its plant based private label 'Gro' featuring even in relatively rural stores.
2. The importance of drinks in the overall space allocation in-store. In particular at Co-op, the breadth of drink options is strong, covering traditional carbonates, energy drinks, smoothies, energy shots or iced coffee/ iced tea.
3. In FTG mains, the continuing importance of pre-packed sandwiches in many locations. Salads are also an important feature, while sushi continues to grow.
4. Alternative mains remain just that for now in most retail-led food-to-go offers, though we expect further growth and innovation in 2022.

These points apply not only to Co-op stores but to the majority of main FTG retailers.





Bakery

Bakery is commonly heavily associated with food-to-go, though some over the past year have pulled back on the commitment to the category, impacted by lower footfall and a need to carefully manage resource in-store. While a bake-off style category is the ideal and is a key element of what Coop and Amazon Fresh are doing in their latest urban formats, there's scope to work with convenience stores in particular to deliver alternative solutions, which communicate quality and freshness without the need for a full bake-off.



Bakery and coffee sit side by side in Co-op's latest on the go formats, here seen in conjunction with Co-op's own Ever Ground coffee offer.



Amazon Fresh has positioned Bakery & Coffee front and centre on entry into many of its London locations. The development from Amazon is the twin bakery offer, including a more premium and differentiated offer from London specialist The Flour Station. It also has twin coffee machines, one offering dairy and one serving Oatly.

Bakery (2)

A fresh bakery offer undeniably adds credibility around freshness to convenience stores, as well as larger store formats. Many are keen to position it prominently in-store.



This display from the Co-op offers an attractive combination of bake-off and ambient bakery.



M&S has made a big feature of bakery in its new renewal store format, with major promotion of its own yumnut range of donuts, including seasonal specials



Krispy Kreme, present in many stores. Could this unit and model be applied to other bakery products?

Dairy

There's still considerable scope for innovation around new products and solutions in dairy in food-to-go, despite dairy alternatives capturing many of the recent headlines. Yoghurts and yoghurt variants are one aspect of this, but don't disregard the opportunity for premium milkshakes – currently an important part of the Morrisons Market Kitchen development for example – and for dairy-based smoothies, not least given the potential for protein boosted variants from the latter.



Yoghurt variants such as kefir are starting to play a bigger role in the food-to-go category. Key will be communication of health benefits for products like kefir, which are still not well known by GB consumers.



There's still scope for indulgence in dairy, for example in premium shakes.



Drinkable yoghurt is starting to emerge: Arla's version has added protein



Yåarbar takes the category further into bar based snacking (only 140 calories)

Value-Added Meat

Part of the opportunity here lies in hot FTG, a large focus for leading players. Hot food is also becoming a more important meal deal component. There is considerable scope for innovation which we're starting to see more of, including from Pret, and suppliers such as Kerry, but in GB the category is often dominated by simplistic Greggs' style pastry slices.





Tesco is putting hot food-to-go in the heart of its food-to-go proposition, positioned in between Costa Express and the chilled range in this Tesco Extra, and heavily integrated into its meal deal.

Co-op's latest on the go formats have double units dedicated to Hot food-to-go with a focus on rollover hot dogs, meat-led rolls and pasties.

Value-Added Meat (2)

We're seeing some innovation under way around flavour profiles for value-added meat: there have been some moves around Indian, but Asian, Mexican and (Eastern) Mediterranean could be additional opportunities here.



Left:
Meat snacking is a core component of the range for many, seen here at Tesco.

Right:
An eclectic range in WHSmith, including Fridge Raiders, Pepperami, Duck Spring Rolls, and Chicken Tikka bites.



Value-Added Meat (3)

Perennial favourites with many consumers, Chicken bites and wings retain growth potential in the food-to-go space.
An emerging trend right now is Korean, with Korean Fried Chicken particularly growing strongly as it combines the appealing fried chicken with a hotter, spicier taste profile. The Pelicana brand is a franchised concept introduced to the UK by the founder of Wasabi.



The opening of the first branch of Pelicana was in Hammersmith Broadway shopping and Tube station earlier this year.



K wings also feature at Wasabi.



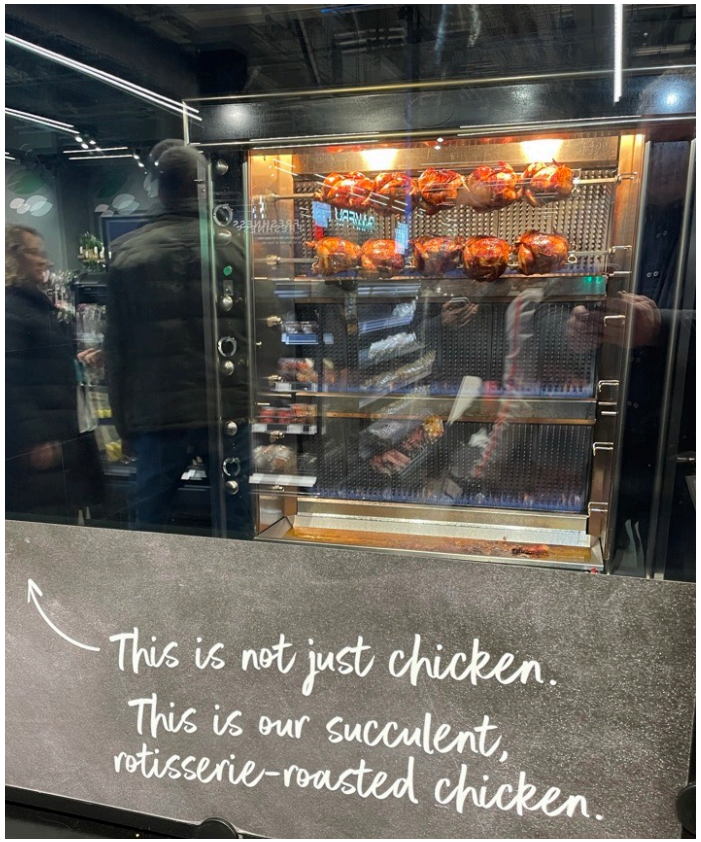
Korean and honey buffalo chicken bites, part of the menu at Food Labs, the latest concept to open at Asda, here seen at its Park Royal store.

Value-Added Meat (4)

In some of its renewal format stores, M&S has introduced a new product range of cold kebabs, as part of a meal deal. M&S has also been developing rotisserie chicken, both for immediate consumption and for later.







Meatless

We're increasingly seeing meatless alternatives impact into core meat product. When Leon recently opened its first drive–thru site, it converted the whole breakfast offer to a meat free menu. Meat free breakfast sandwiches are an established feature of the range at Costa and Starbucks

Meatless meatball protein pots are only in selected Pret stores, but the meatless meatball wrap has emerged as a core feature in its hot food range.







Pret, Costa and Starbucks, all feature meat-alternative products.

Drinks

There's a shift to modular thinking in newer convenience stores in particular, providing an opportunity for the likes of f'real to expand.
For customers, this helps with clarity of mission.
For retailers, it creates new focal points to stores and can support differentiation. The modular approach can also deliver greater flexibility to change the proposition, if one element doesn't resonate with customers.



Co-op's latest on the go formats F'real modules alongside other modules.

The AF Blakemore supported SPAR in Bala, Wales, offers a modular approach to self-serve in addition to its serve-over deli and pizza counters.



Drinks (2)

It feels like there are many opportunities in the drinks category as a whole, the challenge is matching the offer with the environment and the customer.
Drinks (mainly shots) with additional health benefits are set to grow in importance, alongside CBD infused products.





Left:
Flavoured water, not least from Dash, is prominent across many stores.

Above:
CBD drinks from TRIP

Right:
Health shots



Drinks (3)

Though both iced tea and ice coffee have been in-store for a while, we're now seeing new domestic and international brands enter the market, and there is potential for further growth.
Meal replacement drinks, and added protein are another growth area.









Huel is an expanding presence in-store, the dominant meal replacement drink brand, and is also adding vended solutions, such as this one at Heathrow Airport.

Meal Solutions

Grain bowls and salad bowls will be a growing feature of the food-to-go market, whether via serve over counters or grab & go.
Often fitting as well for evening as lunchtime missions, this could help food-to-go operators expand into the food-for-later market.





M&S continues to innovate in its range, including in bowls and salads. In many stores that previously had deli counters, it has shifted the offer to grab & go, which restricts customization but enables a quicker shopping mission – and more readily shows the dish.



The City Kitchen is an exclusive range for Tesco, with a bang bang chicken salad featured here.



The Gym Kitchen is now found at Coop, ASDA and Dunnes Stores, with a range of better for you prepared meals.

Meal Solutions (2)

We're seeing continuing evolution in approach across the market, and more retailers and suppliers looking to expand their participation.



Coffee shops like Starbucks continue to look at how they can add new meal solutions to their offer, albeit within the confines of an operating model that precludes any significant food preparation on site.



More FMCG manufacturers are looking at how they can strengthen their food-to-go participation.



Store Group in Manchester works with national and local suppliers to create a differentiated, locally relevant range in its stores, some of which are part/ full food halls.

Meal Solutions (3)

More Asian and more plant-oriented are two trends impacting a lot of current development in this space.



One key trend is towards more Asian. Pictured here is the substantial Taiko Japanese range at Little Waitrose King's Cross.

Another key trend is towards healthier and plant-oriented. Bol's range of meat free, better for you range includes veg jars, pots, soups and power shakes, designed to be a nutritionally complete meal. Bol is gaining a growing presence on food-to-go shelves.



Interview with:
>> Spencer Craig, Founder, Pure

Pure.

>> Still too early to call the shape of the recovery, much is dependent on the split between WFH and office working. The positive point to take is that our overall desire for convenience appears set to continue to grow, which creates opportunities and a platform for food-to-go success across the board. The locations where that desire for convenience will play out, and the balance of trade across different locations and times of the week, remains tbc.

>> Pure has seen very strong trading on Tuesday-Thursday, and continuing slower trade Monday and Friday. Questions remain over the shape of that future trading patterns across the seven days - weekend traffic is becoming more important. That in turn will influence the attractiveness of sites - future sites will typically need to have capacity and footfall for seven day trading.

>> Breakfast, lunch and coffee, with a core 25-35 yr-old customer base who are keenly interested in health nutrition and sustainability, remain the focus.

>> An interesting longer term question is whether food to go specialists like Pure and others can move more strongly into casual dining missions, for example weekend family meals. They have strong value for money credentials in this space compared with leading casual dining specialists.

>> Partly as a result of the changes due to Covid, Pure has begun to work with more branded suppliers in snacks. Any brands looking to work with Pure need to show a win-win for both sides, adding something to the Pure proposition as well, and partnering up on selected initiatives, eg on social media. Brand resonance with the core Pure customer is therefore important.

>> The most important concern for any product looking to work with Pure is the taste. There's an assumption and thinking that other aspects, such as that focus on sustainability, nutrition and health, will already be there. Taste and product quality are therefore key - clearly the ability to show how a product will help Pure reach new customers/ grow spend with existing customers will help move any conversation along.

Interview with:
>> Ali Lyons, Head of Coffee, Morrisons

Morrisons
Since 1899

>> Massive change has been under way within Morrisons café. Over the past two years delivery has become a much more important component of the proposition, while a new, tighter menu has just been rolled out - but these are just some of the components of a much larger shift.

>> Next steps in development there will be around continuing to rebuild footfall, and reinforcing the value of the proposition. Morrisons, where it can, aims to minimise passing price inflation onto customers.

>> An additional opportunity lies in driving stronger afternoon and evening footfall, but this is not an easy one to solve. Delivery is a focus for expansion - Deliveroo is an existing partner, Just Eat is in the process of being added.

>> From a supplier perspective, product in cafés is mostly sourced from within the core Morrisons supply chain and production. There are therefore limited opportunities to directly supply cafés.

>> The BREW coffee offer provides many opportunities as it is being rolled out across the estate. BREW will replace the c. 100 Morrisons barista bars including a stronger focus on the coffee itself and creating an opportunity to grow the proposition around it. BREW is currently in c. 60 stores, with a goal to build and create a fuller coffee shop proposition around it including sandwiches and toasties as an important part, but with other products required.

>> There are further opportunities in servicing and developing the range that surrounds bean to cup machines. Much of the current range has been drawn from existing lines and categories in-store, of which some work well, others are a weaker fit. So an opportunity for suppliers to help shape and feed into this range, understanding the position in-store within food-to-go sections and working with the BREW coffee proposition within that.

>> There's a desire to test drive-thru for BREW, with plans being drawn up for this. Standalone BREW coffee shops, away from stores, are also under consideration.

Interview with:
>> Paul Hopper, Founder, Hop Vietnamese

>> Trade is back to 2019 levels on some days of the week, but transactions are lower, so results are coming from increased pricing, VAT and average transaction spends.

>> It's not worth trying promotional offers, or special deals, just to try to get customers coming in on Mondays or Fridays; there's not enough in the offer to get them to change newly-formed habits

>> It's more important to expand different routes to market, such as corporate catering/office deliveries, for days when employers are trying to get more workers into the office

>> When spend levels are close to £8 per transaction, as most customers go for the meal deal of £2.95 for a side and drink, on top of the main meal option, the focus is on execution of standards of quality, speed and friendliness. Customers will only come once or twice per week max, so exceed expectations when they do come.

>> Inflation is a major concern, especially with VAT returning to 20%, so price rises will be implemented before April, and hope that customer loyalty will accept c.50p increase, but recognise that there is a risk of becoming too expensive in the face of supermarket meal deals at £3.

>> Main focus for 2022 is balance sheet recovery from the past 2 years, so that expansion is enabled, including raising funding. There are opportunities to expand, but finance is required.

>> Format development is concentrating on collaboration with the likes of dark-kitchen operator Reef Kitchens, franchising opportunities, catering deliveries, and exploration of all-day trading potential.

>> Product development is focused on simplification, with ingredients being used in multiple dishes, such as sides being component parts of main courses.

>> Personally struggling to manage time to engage with suppliers, as the focus in so much on the big picture for the business, although the door is always open for cost-saving ideas, and products that can drive incremental sales and be used in multiple dishes.
Supply chain seems to have settled down, and has no concerns about Irish suppliers being used.

>> Sustainability is on the back-burner for the moment, even though packaging required for the business is significant.

Interview with:
>> Paul Hopper, Founder, Hop Vietnamese

>> Future views –

- Lots of opportunities for premium FTG in central London, but to also expand into different formats and locations (travel, Shopping centre, etc).

- Need to keep the whole experience premium to create clear blue water between themselves and supermarket value-driven meal deals, but recognising that frequency of visit will decline if the price increases too much.

- Can see a time when a lunchtime meal in a premium FTG operation such as HOP, will cost c.£10 – a doubling over 10 years from the previous £5 perceived ceiling.

Interview with:
>> Victoria Healy, Operations Director, Chop'd

>> Times are currently uncertain, with trade changing to TWT patterns, making Chop'd consider closing on a Friday. Mondays used to be the busiest day, but it has changed to Tuesdays now. Don't know how long this will be the case.

>> Most significant challenge is with staffing, as there are not that many available in the market, however Chop'd is not on a massive recruitment drive at the moment as the trade levels are not stable.

>> Shops outside of the city are performing better than those in the square mile, and so Chop'd have not opened all of their sites yet. Their site in Excel exhibition centre is expecting significant return to good levels of trade from March, as the shows return.

>> Product development took a back seat with re-opening, concentrating on a pared back approach, but Chop'd is now adding back in more choice and variety to keep pace with consumer demand

>> As a healthy food destination, all aspects of dietary requirements have been important, and this is increasing, with requests for more nutritional value information, and Paleo or Keto dietary needs. Chop'd can't go much further but will shout more about the health benefits of what they do.

>> Future focus for staffing is to increase incentives for recruiting and place more emphasis on retention. Chop'd has strong levels already with Managers (7 years on average), so want to achieve this with more of their team members.

>> Future product development will include elements such as Kombucha for gut health, and CBD oil-infusions for mental wellbeing.

>> Discussions have been held over store format development, including digital order screens, however it was agreed that the point of differentiation for Chop'd was the personal interaction between staff and customers, especially given the loyalty and frequency of customer visits.

>> It was noted that there is more competition arising post-covid, with emerging operators such as ATIS or The Salad Project, and that threats were coming from independent operators rather than from the more-established chains.

>> As a result of greater competition, it is felt that future developments need to concentrate on expanding the offering and becoming more relevant for all-day trading and utilising the space more.

Interview with:
>> Victoria Healy, Operations Director, Chop'd

>> Pricing is a current concern, especially with all elements of cost increasing, especially packaging; there are still challenges from the distribution perspective with driver availability, which is affecting consistency of supply.

>> They are looking for greater consolidation in their supply chain, to help alleviate some of the current problems, but recognise that this can lead to all eggs in one basket.

>> There is a focus on local produce for Chop'd, however they see Ireland as being part of that 'Local' approach. All buying and supply chain management is conducted by Victoria and Eddie Holmes, MD.

>> Future Focus:

- To stabilise trading levels and minimize challenges so that a level revenue and profit base can be achieved.
- From which stable base they can then look to expand and develop the format as described.
- There is a belief that London will recover footfall and office worker numbers, and that Chop'd will benefit from the focus on health and wellbeing

Interview with:
>> James Simpson, Managing Director, FSC Group

FSC
Fresh thought for food on the move

>> There are significant questions over how a return to normality will lead to growth for all sectors, when there are challenges all around, including rail usage, office working, inflation, and labour availability.

>> FSC Group are benefitting from clients requiring greater consistency and service outsourcing. Key clients, including Shell, have performed well over the past 2 years as commercial traffic and domestic staycations kept road usage at reasonably high levels.

>> Inflation is a major concern for 2022, as further product cost rises are still coming. There was a rejection of increases in 2021, despite transport cost increases, but now there is a realisation that costs are increasing and need to be passed on.

>> Labour shortages from 2021 have eased, and manufacturing is back on track, but there are long-term concerns over availability and rising costs.

>> Sustainability has moved from being a PR-driven, nice to have, to an essential part of retailers' offer, and therefore essential to all suppliers. It will become more critical and move towards being legislated for, so retailers require help from all suppliers.

>> The next step for sustainability is to move towards Carbon Footprint calculation and publishing, but first a detailed understanding is required. Once counting is published, the next step will be to start reducing the footprint, which is something all suppliers need to start working on.

>> The sandwich market has become consolidated in the hands of a couple of major manufacturers and therefore more commoditised; this has created a challenge forcing innovation in alternative products where greater margins can be achieved.

>> FSC Group work with a wide range of FTG operators, ranging from Shell to the National Trust, and are changing the focus of their services onto the service element, recognising the commoditisation of basic sandwiches which have previously been the core of their business, increasing their focus on innovation and development.

>> As a result there are exciting product developments in the pipeline, which will benefit their customers and consumers in general, leading to a different product mix in the future, away from a standard sandwich / crisps / drink meal deal.

Interview with:
>> James Simpson, Managing Director, FSC Group

FSC
Fresh thought for food on the move

>> Future views –

- The FTG market will continue to evolve in line with changing dynamics and consumer behaviour, and so FSC Group has to change in order to meet new requirements from their clients (FTG Retailers).

- Their core market (Forecourt retail) will see more significant changes as car ownership moves more towards Evs, but this provides more opportunities for foodservice as part of the overall role of a forecourt.

- Inflation is a concern, and as core products (Sandwiches) become commoditized, there are opportunities and greater need to develop other products that allow for differentiation and premiumisation.

Interview with:
>> Neil Sebba, MD, Tossed

- >> Current trade is growing, but still c.25% below 2019 levels at value, but footfall in central London is keeping volumes lower. There is a desire for a period of normality to be able to ascertain what a 'normal' level of trade ought to be
- >> Ambitions remain for the business, but only once the base business is solid, and trading in central London is stable. Neil recognised that there are opportunities available, with regard to properties, however the time wasn't right just yet to try to expand.
- >> Tossed made the move to fully digitalised stores pre-Covid and so has benefitted from the reduced labour requirements as the business re-opens, although achieving the right levels of staffing is tricky given the fluctuating levels of trade.
- >> Friday's have always been a slower day, given the nature of consumers wanting a more-indulgent treat towards the end of the week, but now, given the TWT pattern of trade, it makes Friday an unprofitable trading day, so they open purely to help offset some of their fixed costs. Most shop rents are now on a turnover basis, so if they take less revenue they pay less rent.
- >> Sustainability is a key facet for the business, on the basis that "if we can do it, we should", but not at all cost, and not if impractical. Some elements are put under the 'Nice-to'do' basket, and some are filed under 'need to understand more', such as Carbon Counting.
- >> Healthy eating is key to the brand, although they have changed their strapline from 'Healthy Food' to "food to make you feel good', in order to ensure there is a strong appeal for all consumers.
- >> There is a growing belief that Tossed customers are looking for a premium experience, where personalisation is important, and that the return to offices is providing an opportunity for workers to treat themselves more, as they are eating out at lunch less frequently. This is witnessed by their average spend increasing significantly, not just through price rises.
- >> Tossed are trialling a lower-cost product as a ready-made 'Daily Special' that is lower cost to make in volumes and so can be passed onto their customers if they choose not to have something personalised.

Interview with:
>> Neil Sebba, MD, Tossed

>> Future views –

- There is a belief that personalisation provides them with an ability to premiumise and increase their pricing further, although there are concerns that inflation is going to squeeze their customers.

- They have developed a vending offer 'Speedy Greens' prior to Covid, and this will be back on their agenda to develop further; the concept took a back seat throughout Covid, but is being re-started and is seen as a positive way to increase their reach away from shops.

- There is a positivity about the business having set it up again after administration, however it is far more cautious and will move in a slower way.

- Expansion into franchised sites such as Welcome Break MSA's was developed pre-covid, and so could be explored again, although it was recognised that healthy options were not what consumers wanted in those situations, and therefore the partners and offer will likely change and develop when trialled again.

Interview with:
>> Guy Meakin, Interim MD, Pret UK

★ PRET A MANGER ★

>> The Bloomberg index of transactions is a key way that the business is trying to demonstrate how business is returning, although it is acknowledged that many transactions are coffee subscriptions and only 25% of those purchases are buying an additional product.

>> The price increase of the Pret Coffee Subscription scheme (from £20 to £25 per month) has been welcomed, with virtually no drop-off of users. Existing users have become habitual, and can recognise that even a 25% price rise still provides significant benefits for them.

>> Other price rises have been implemented on some products, as cost pressures have increased, and these have not had a detrimental impact on volumes of those products. There are concerns about how much cost inflation can be passed on, however there is a belief that the value-driven coffee subscription helps to offset other price rises.

>> Focus on sustainability has taken a bit of a back seat, but is still seen as a critical part of the Pret brand promise, and so further actions will be taken, although none specifically were detailed.

>> It has been recognised that service standards have slipped, as a result of all the pressures on the business, and so improving these, and returning to the magic of Pret service is a key focus.

>> Announced partnerships, collaborations, extensions and franchising have taken Pret off into brand new territory, but this is seen as critical to the future growth of the brand.

>> There is a delicate balance to achieve between being perceived as a premium product, but sold in mainstream locations, hence the focus on improving service standards to help provide differentiation.

>> Staffing is an ongoing focus, with pay rates seen as critical to remain above the competition, as well as re-building the reward systems such as the mystery shopper bonus (+£1.25 per hour for each member of shop staff is available per week if they pass the mystery shopper visit).

Interview with:
>> Guy Meakin, Interim MD, Pret UK

★ PRET A MANGER ★

>> Future views –

- Growth of the business will be created through continuing the roll-out of franchising, brand extensions, partnerships and concessions, taking the business away from its previous focus on city-centre, office-worker customers, and going to where the customers are now.

- It is seen that there is a great deal of white space for Pret to move into, in the future, such as Forecourts, MSA's, Universities, and regional centres.

- Further international expansion is planned, including a new store in Dublin in 2022.

- Expectations of suppliers has always been to focus on innovation, healthy eating and sustainability, and this is more paramount than ever. Cost will be important, especially given the rising inflation, but other attributes of suppliers, and a deep understanding of the Pret business is essential.

Interview with:
>> Mark Lilley, MD, Abokado

>> Current trade is at acceptable levels for their reduced-size shop estate, but the challenge is not knowing the levels of normality, as their have been so many disruptions including the recent tube strikes, so no two weeks have been the same.

>> Abokado still have some shops closed, and have not reached agreements with Landlords, so these may well close completely. There is no rush to try to expand the estate again, given the uncertainty over levels of trade.

>> The staffing challenges have not hit Abokado as hard as others, given the change they made during Covid (but planned prior), to implement digital order screens; this investment has freed up labour to concentrate on food production, with minimal staff required front of house. There are still some challenges however as lower staffing levels can be affected by smaller bumps in the road such as the tube strike taking out one member from a small team.

>> Digital ordering has increased customer satisfaction, with an ability to personalise their products and less pressure at point of order; a handful of regular customers missed the interaction, but they have got used to it.

>> Concerns for the next 6 month are concentrated on pricing and VAT increasing, not knowing when best to push prices up, and what impact it will have. Hot food and coffee accounts for much of Abokado's sales, so it is anticipated that net revenues will drop in April. Some price has already been taken at the start of the year, but other increases will follow. Mark checks the competition carefully and always seeks to be cheaper than Itsu for example. This will be harder to maintain, but everyone is under the same pressure.

>> The Abokado loyalty-based app is focused on delivering benefits and encouraging repeat purchases, rewarding loyalty, but also gives away coffees as a low-cost, high value product.

>> Healthy eating has always been core to the Abokado promise and this continues, however there is recognition that less-frequent visits by office workers mean a change to more treat-based missions

>> Sustainability is also a key focus for the brand, however it is acknowledged that an FTG proposition always creates a packaging conundrum. Support from suppliers is always welcome.

>> All purchasing decisions are made by Mark, as he has shrunk the support team for the revised business, and he is happy with the smaller, more-focused, family-values feel of the business.

Interview with:
>> Mark Lilley, MD, Abokado

>> Future views –

- Mark does not envisage rapidly growing the business, although there are still some closed shops that he would like to re-open. There is a simplicity to what he has re-built, and no rush to add complexity.

- There is a belief that trade in central London will return, and that the stores will become as profitable as previously, although probably through a premiumised proposition rather than through transactions.

- Developments are focused on enhancing the food range whilst keeping the operation efficient, and from further development of their native loyalty app.

- Support from suppliers is always required especially around new legislation and environmental developments.

Interview with:
>> Jim Attwood, MD, Coco Di Mama

- >> Current trade is at reasonable levels, with volumes fluctuating between 60% to 80% of pre-Covid levels, however they are only operating out of 16 stores rather than their pre-Covid 30.
- >> However revenues are performing better, as they have benefitted from delivery sales, especially through the c.150 Zizzi kitchens around the country; they have also seen increased transaction values as the lunchtime visit becomes less frequent and more treat-based.
- >> Coco has also diversified with the partnership with Sainsbury's, through which they sell baguettes made fresh in Coco each day, delivered into central London Sainsbury's sites. These provide additional revenue and greater efficiencies from their kitchens, but also provide Sainsbury's with a premium product sitting outside of their meal deal. They have also increased their focus on office catering through Just Eat for Business and Deliveroo.
- >> There are concerns over the pace of returning office workers, as their stores are having to go from zero to 100% efficiency very quickly, given the shortage of available staff and unknown levels of trade.
- >> A new CPU has been set up in central London to help service the stores and Sainsbury's, and provide greater efficiencies, especially given some of the distribution challenges.
- >> Whilst coco's key product is fresh pasta, they are seen as healthy by their consumers, and so they are pushing on more plant-based dishes and ingredients, and promoting dishes that are under 500 calories. New products include 'Kickin' Chicken Quinoa Fit Bowl', quite distant from their hero pasta products.
- >> Coco prides itself on having a 'spirit of generosity' regarding portion sizes which it is pushing as it seeks to premiumise the experience, recognising that transactions are under pressure. Extra focus on service can slow down speed, especially as teams have lost the 'muscle memory' of quick service, so there are concerns about customers having to queue. At the moment, people are happy to get out of the office for a break, but there are concerns that they will need to increase speed.
- >> Sustainability is a key focus for the brand, and Carbon Counting is on the agenda, but seen as a 3-step process – firstly understand it, then measure it, before trying to reduce it. Coco is only at the first step.
- >> Coco have removed all single-use plastic, and are looking for more support from suppliers to enable them to take more steps.

Interview with:
>> Jim Attwood, MD, Coco Di Mama

>> Future views –

- There is a long-term caution over the levels of trade in London returning to pre-Covid levels, and therefore the focus is on going to customers where they are, much as Pret has done. Even if levels of revenues return to pre-Covid levels, profitability is going to be much harder, so expansion into other channels and locations such as Travel and Contract Catering is under consideration.

- Future requirements of suppliers are far greater focus on sustainability and ESG solutions. Coco is also looking for increased confidence and rigour from suppliers over legislation such as Natasha's Law and Calorie Labelling.

Interview with:
>> Steve Jones, Equinoxe (Procurement for Tortilla)

TORTILLA
Real California Burritos & Tacos

>> Tortilla has preformed well through the pandemic, and as life has returned to normal; delivery was a godsend for the business during lockdowns when many stores could remain open, even in central London. As city centres have started returning, Tortilla has been performing strongly.

>> Tortilla is looking to expand throughout 2022, with at least 20 new stores expected to open; some of these new sites will be in partnership with franchisees such as SSP and Compass Group.

>> From a purchasing perspective, it is now expected that suppliers tick every box especially on the Environmental front, supporting customers' ESG. Any sustainability advantage is a differentiator, and whilst price is important, it is not necessarily the most important factor.

>> Carbon counting is expected to be the next facet for Tortilla, and for other FTG retailers, and therefore any help and support that suppliers can provide for that exercise will be welcomed.

>> Suppliers learnt to say 'No' through Covid, quite understandably, but now is seen as the time to start saying 'Yes', to support with development and innovation.

>> Tortilla are looking to widen their supply base to provide more options and back-up, following a period of consolidation which was designed to simplify and drive efficiencies; too many eggs in one basket are now seen as a problem, and fallback options are required.

>> Pricing is a concern as the Tortilla proposition is based upon value through a 'big-eat' concept, however it is recognised that price will need to increase as VAT increases; concern lies in the discretionary spending power of a younger consumer decreasing through rising inflation.

>> Developments are focused on supporting franchisee requirements such as breakfast and coffee offers, given the travel or contract catering locations of their franchise partners.

>> There are opportunities for suppliers as the Central Production Kitchen that Tortilla operates in North London comes under pressure from rising levels of trade; there is potential for suppliers to develop replacements for some in-house prepared products.

Interview with:
>> Steve Jones, Equinoxe (Procurement for Tortilla)

TORTILLA
Real California Burritos & Tacos

>> Future views –

- Tortilla is set for further growth over the next few years following its float on the London AIM stock exchange at the end of 2021; It is seen as a strong performer and has opportunities to cement its position as the leading burrito concept in the UK.

- There are some concerns over the healthy nature of the concept, given that it focuses on selling a rice-based product sold in a tortilla wrap, however for their younger consumer base, this has not hampered their progress so far. Tortilla does offer a Burrito Bowl, minus the wrap, which is seen as a healthier option, but at the same time, reduces the 'Big-Eat' concept it is well-known for.

- Delivery is seen as a fundamental part of the Tortilla proposition and provides it with an all-day offer; this also allows greater geographical spread for the brand, minimising risk of expansion.

Interview with:
>> Anneka de Korte, Development Manager, Wild Bean Cafe



>> Trade levels at the start of 2022 have been positive, in line with high levels of commercial traffic and car usage moving towards 2019 levels, however it is noticeable that female business drivers are far fewer than pre-Covid.

>> Challenges exist still in the supply chain at the moment, with the WBC team playing 'Wac-a-Mole', dealing with one problem and then another one cropping up. The most significant challenge is currently with variations in specifications where suppliers have problems in securing ingredients.

>> Staffing levels in the Forecourts has been a problem, but is now stable, whereas there are still labour availability issues within the supply chain, or there are quality issues where good quality Eastern European workers have returned home and are being replaced by South Asian workers who lack the experience and knowledge; the situation is exacerbated by cultural clashes between workers and bosses.

>> Specifications of products have been changed to deal with inconsistencies, including with Bacon, which is now from UK & Ireland, rather than just British.

>> As supply chain issues settle down through 2022, they will be exploring whether they can or should consolidate, given that they have expanded the supplier list to provide cover. There are concerns over returning to just one supplier for each core category.

>> Sustainability is now an essential part of choosing suppliers, whether it be chocolate such as Tony's Chocoloney, or packaging that is more environmentally-friendly.

>> As volumes remain lower (from business users, not from commercial drivers) their focus is on increasing Average Transaction Values, and aiming to be the preferential place to stop for FTG, this is leading to seeking better quality of products that standout, and innovations that encourage new purchases or trading up.

>> As VAT reverts to 20%, they will lose revenue as they took the benefit when it was lower, but are looking at price rises to mitigate inflationary cost increases.

>> There is a danger of pushing price too high however, and there is only so much value engineering that can be implemented on a product, so margins are under pressure.

Interview with:
>> Anneka de Korte, Development Manager, Wild Bean Cafe

>> Future views –

- As cars change to predominately electric battery powered, the services at Forecourts need to change to encourage and meet the needs of longer-duration stays; This includes changing the environment to factor in more eating-in, better wifi, better toilet facilities, and even closed chilled cabinets to warm the temperature of the stores.

- BP recognise that it will take time to change, however they want to be ahead of the curve; they see that Convenience missions will become more important, so they have extended the contract with M&S Simply Food.

- Legislation on HFSS foods (from Oct 2022) is forcing them to change their approach to multi-buy deals, when the majority of purchases are made through some form of deal.

- Future requirements of suppliers are greater levels of innovation through a deeper understanding of consumers in BP's environment, recognising the changing consumer behaviours, certainly from EV usage.

Interview with:
>> Danny Scobie, Head of FTG at Scotmid

>>

- Food-to-go has become an increasingly important part of the Scotmid business. The focus on rolling out counters – now in almost all stores – has very much delivered for them.
- There was a positive impact during covid lockdowns, with much of the competition being closed, but what's really encouraging is that the growth delivered at that time is continuing.
- The success is generating further impetus to drive food-to-go forward. A few development opportunities are under consideration, but a key one for Scotmid this year is to launch a standalone food-to-go concept.
- This is an opportunity for suppliers with strong track records and expertise in food-to-go to engage with Scotmid. In core operations, Scotmid's position as part of the co-operative movement means it's tied – for a substantial part of its sourcing – to buy via CRTG. For its new standalone venture different rules are in place, creating an opportunity for forward thinking food-to-go suppliers to engage.
- From an Ireland perspective, Scotmid has had very positive experiences with Irish food-to-go suppliers previously and is very open to conversations with suppliers who can help it to develop its proposition further.
- Scotmid aims to deliver across all key food-to-go missions. Breakfast and lunch remain the most important but it is still keen to explore opportunities and develop its proposition around evening missions.
- There's considerable variation in Scotmid's supplier base. It's been able to develop many strong relationships with local Scottish suppliers, but at the same time it's also worked very effectively with the likes of Kepak.
- Quality product has to come first. That doesn't mean premium, but it does mean delivering a quality product at the right price point.
- Sustainability is a focus, and for Scotmid this is allied to a strong community focus.

Interview with:
>> Danny Scobie, Head of FTG at Scotmid (cont'd)

>>

- Health definitely enters into the thinking, and it's always important for Scotmid to offer healthier options. But at the same time it's about getting the right balance and providing a range and proposition that's relevant for customers – and recognising that health often isn't front of mind for many customers.

- Delighted that food-to-go is increasingly shaping the broader format development – the Leven Street store in Edinburgh is a great example of this, with the food-to-go counter front and centre on entry. As success continues, further opportunities for suppliers will arise – Danny will welcome discussions with suppliers who can help progress this further.

Interview with:
>> Stephen Brown, Head of FTG at CJ Lang

>>

- CJ Lang holds the SPAR wholesale franchise for Scotland, supplying all stores (300+) and owning a significant number itself.
- There's been a recent focus on rebuilding and reshaping the food to go range, a programme that continues. An important part of this has been developing the sub brand CJ's, to spearhead the food to go proposition in company owned stores in particular.
- As for many other operators, Covid severely disrupted overall development, hampering rollout of certain initiatives and inhibiting performance of city centre sites such as Glasgow's Havanah Street, launched as a flagship in a heavily student focused area but then finding its core audience stripped away due to covid shut downs.

  As we emerge from the worst of covid, things are getting back on track.
- There's much scope for innovation across a number of categories. Hot food for example is an area where across the food to go sector there's scope for better quality grab & go solutions.
- Stephen has a very open mind as to what solutions could work within CJ Lang, but something that is front of mind for him right now is making the food to go proposition locally relevant across what are typically neighbourhood rather than city centre locations. This will likely mean different solutions in different locations will work best in the long term.
- But across the board getting the right quality – balanced with accessible price points - is important. Breadth of choice is important in the range as well. Stephen himself is very much on top of the latest trends across key categories, he's also conscious that not all will necessarily have read throughs and opportunities across all stores, so having informed and balanced conversations around this with suppliers is key to driving mutual success.
- Across the business there are favourable views of the capabilities and products of Irish suppliers as a whole - as evidenced by the fact that whenever CJ Lang is looking to gain inspiration over what's next for them, Dublin and Belfast tend to rate above locations in England and Scotland to see where they should be focusing their innovation. Suppliers should look to bring their expertise of working with retail partners to drive innovation in Ireland into discussions.

Interview with:
>> Penny Manuel, MD, Soho Coffee Co.

>>

- Soho Coffee Co. has sites in the UK - which it operates itself - and internationally, which are operated under franchise agreements by partners. There are over 40 locations in total, many of which are in the UK, with the international locations mainly sited in airports.
- Despite the name there's as much of a focus on the food as there is on the coffee, and considerable breadth in the food offer.
- There's an aim and genuine desire to differentiate through the food offer, with a focus on breadth of range, quality and on meeting different dietary needs.
- Good quality hot food is important. Across the proposition, Soho Coffee Co. is looking to innovate, and is prepared tor test new products where they align with key missions. Better for you lines are an opportunity, but they also need to be great products in their own right. There's a focus on quality food and quality food standards at Soho Coffee Co, so aligning with these as a first step is important for potential suppliers.
- Overall, based on the overall progressive nature of the Irish food to go market, Irish food to go suppliers have a positive perception, so there are potential opportunities here and a desire to learn more about Irish suppliers' capabilities.
- When engaging, suppliers should think about the different missions they are helping to meet, the customers they're helping to unlock and the visual impact of their products, on shelf and in the broader menu / comms.

Interview with:
>> Matt Cundrick, Operations Director, AMT Coffee

>> AMT Coffee is very much on the comeback trail right now, in the process of overhauling the proposition as it emerges, under new owners, from a difficult period.

The business operates from over 50 locations in the UK and Ireland, focused on travel locations, shopping centres and hospitals.

Re-establishing the basics across the business has been a recent priority, but a major positive step has come with the Change Please deal. Change Please is a social enterprise coffee brand which supports people in need, with training and a living wage.

Sandwiches and pastries are in the throes of being overhauled, some good development so far, including more collaboration with local bakers, but also broader opportunities.

AMT is looking to broaden its core customer base through range and proposition development. With an older and male key right now, it aims to add products that broaden its demographic appeal. Gluten free and plant based are priorities for development, and AMT is eager to explore new products in this space.

Alongside these specifics, there's also a broader focus on developing quality, healthy products. Partly this links to a general goal, but also there is a specific need given the multiple hospital / healthcare environments in which it trades. Exciting and inspiring products, in particular those that are both hot items and straightforward to prepare & serve, are a focus.

Expanding breadth of menu and breadth of day part coverage - especially later in the day for what is traditionally a breakfast-strong business - are priorities. Some sites operates 24 hours, and AMT is keen to provide more reasons for customers to visit later in the day.

Some work is already under way - for example its recently upgraded its sandwich offer for example in the UK by switching between two Samworth Bros brands - moving from the more standard Urban Eats to the more quality and healthy eating focused Leaf and Loaf range.

Great quality products are required, which need to have decent shelf-life. Suppliers need to able to work with what can be challenging logistics.

In-store execution needs to be considered by suppliers - quick, easy, simple delivery to customer (not multiple stage process) via what is a low labour model.

Interview with:
>>Spencer Craig, Founder & CEO, Pure

Pure.

>>

- Still too early to call the shape of the recovery, much is dependent on the split between wfh and office working. The positive point to take is that our overall desire for convenience appears set to continue to grow, which creates opportunities and a platform for food-to-go success across the board. The locations where that desire for convenience will play out, and the balance of trade across different locations and times of the week, remains tbc.

- Pure has seen very strong trading on Tuesday-Thursday, and continuing slower trade Monday and Friday. Questions remain over the shape of that future trading patterns across the seven days - weekend traffic is becoming more important. That in turn will influence the attractiveness of sites - future sites will typically need to have capacity and footfall for seven day trading.

- Breakfast, lunch and coffee, with a core 25-35 customer interested in health nutrition and sustainability, remains the focus.

>>

- An interesting longer term question is whether food to go specialists like Pure and others can move more strongly into casual dining missions, for example weekend family meals. They have strong value for money credentials in this space compared with leading casual dining specialists.

- Partly as a result of the changes due to covid, Pure has begun to work with more branded suppliers in snacks. Any brands looking to work with Pure need to show a win-win for both sides, adding something to the Pure proposition as well, and partnering up on selected initiatives, eg on social media. Brand resonance with the core Pure customer is therefore important.

- The most important concern for any product looking to work with Pure is the taste. There's an assumption and thinking that other aspects, such as that focus on sustainability, nutrition and health, will already be there. Taste and product quality are therefore key - clearly the ability to show how a product will help Pure reach new customers/ grow spend with existing customers will help move any conversation along.

Interview with:
>> Ali Lyons, Head of café and BREW, Morrisons

>>

- Massive change has been under way within Morrisons café. Over the past two years delivery has become a much more important component of the proposition, while a new, tighter menu has just been rolled out - but these are just some of the components of a much larger shift.
- Next steps in development there will be around continuing to rebuild footfall, and reinforcing the value of the proposition. Morrisons, where it can, aims to minimise passing price inflation onto customers.
- An additional opportunity lies in driving stronger afternoon and evening footfall, but this is not an easy one to solve. Delivery is a focus for expansion - Deliveroo is an existing partner, Just Eat is in the process of being added.
- From a supplier perspective, product in cafés is mostly sourced from within the core Morrisons supply chain and production. There are therefore limited opportunities to directly supply cafés.

>>

- However, BREW is a very different proposition and holds considerable opportunity. This is being rolled out across the estate in two ways. Firstly replacing the c. 100 Morrisons barista bars with the updated BREW proposition, with a stronger focus on the coffee itself and an opportunity to grow the proposition around it. BREW is now in c. 60 stores in this format - within this there's a goal to build and create a fuller coffee shop proposition around it - the sandwiches and toasties are an important part of this, but there are considerable opportunities beyond this.
- There are further opportunities in servicing and developing the range that surrounds bean to cup machines. Much of the range here to date has been drawn from existing lines and categories in-store. Some of these work well, others are a weaker fit. There's the opportunity therefore for suppliers to help shape and feed into this range, understanding the position in-store within food-to-go sections and working with the BREW coffee proposition within that. There could also be opportunities within the Morrisons Daily concept in convenience / on forecourts that arise from this, which are run the likes of McColls but supplied in by Morrisons.
- There's a desire to test drive thru for BREW, with plans being drawn up for this. Standalone BREW coffee shops, away from stores, are also under consideration.

Interview with:
>> Lee Nixon, MD, Ole & Steen UK

OLE & STEEN
LAGKAGEHUSET

>>

- Ole & Steen is still at an early stage in the UK, with 17 sites. Plans are in place to grow further, with a pipeline of store openings already well developed.

- For now Greater London will remain the focus, but the business is open to exploring opportunities beyond this. Ole & Steen benefits from a vertically integrated supply chain, where lines are typically produced centrally then sent out to each bakery.

- Considerable expertise is derived from and product continues to be sourced via its Danish parent. But one area where it's looking to source specifically for its UK operation is in soft drinks, notably cold pressed juices/ smoothies.

- The UK proposition is different from its Danish parent, so there's a willingness to test initiatives that will help it to strengthen its position in the premium bakery segment.

Interview with:
>> Helen Smale, Senior Manager Food for Now

>>

- Under the new ownership, there's lots to do and lots to learn. And also lots of opportunities for those with the right proposition and approach to partnering.
- There's currently a strong focus on hot food, and understanding where foodservice fits in the proposition. One area of particular interest is total hot food solutions.
- Overall, from an ASDA perspective, being very clear on what missions the store is used for is very important here. This knowledge is growing all the time, but it's still a journey. Suppliers that can bring relevant expertise to support here will be welcomed.
- Specifically, ASDA is interested to explore how it can make more of longer standing store features such as rotisserie and pizza.
- Three key considerations specifically come to mind for Irish suppliers:
  - BREXIT - suppliers need to be able to manage the additional complexities around this.
  - Fulfilment - just bearing in mind the additional time in the supply chain from production to store, and ensuring there is good shelf life on arrival to store.
  - Innovation - show what it is genuinely different vs existing range and proposition.
- From a food to go perspective, while products might initially be launched in just a part of the estate, there should at least be a pathway in place towards supplying the full ASDA estate.
- Definitely looking to evolve the range and proposition to meet a wider range of needs for example in areas like plant-based and gluten-free. But consider how whatever you're bringing will fit within the existing proposition/ range and how it will add to this.
- A wider point around suppliers - ASDA is keen for suppliers to be bringing key insights to them around trends in the first instance, but also digging deeper, highlighting to ASDA how it impacts the category, and then crucially what's next and what that means for ASDA.

Interview with:
>> Nicola Hobson, Head of FTG, Fresh & Frozen

>>

- Currently a very exciting time for Blakemore, having recently launched the Aberystwyth store with a food hall style run of counters. This isn't the only development within food to go, it's been a growing focus for a while, and stores like Bala also show important steps on the journey. But Aberystwyth is the culmination of lots of recent thinking, offering multiple concepts in-store.

- There is a focus on making this modular right now, recognising the need for local solutions and the fact that across the estate there are many different store sizes and shapes. The idea of being able to plug and play into other locations is one that is a focus right now.

- Overall there is considerable appetite to do more in food to go. Blakemore has made strong recent strides, and there remains a willingness to engage in constructive conversations with suppliers who can help push this proposition further.

>>

- They've worked well with Irish suppliers in the past. Key for suppliers is to make it simple and straightforward for Blakemore to trade with them. Suppliers should look to bring the expertise and experience from trading in the well-developed Irish food to go market to help inform and support developments within Blakemore's proposition.

- Shelf-life is one significant consideration for any product coming from Ireland. In addition to time to cross the Irish Sea, the way Blakemore itself is set up, with its own central distribution, doesn't help this, but there's a real need to work through the process and ensure product gets to store with good shelf-life remaining.

- While healthy and sustainable are opportunities, the commercials need to work, and ranges need to be reflective of the needs of the local catchments.