

SUMMARY REPORT

Eating out trends 2024

What's set to shape the eating out market over the next 12 months and beyond?

from **IGD**



Drivers of change in 2024



External drivers

Factors outside the eating out industry's direct control, that will affect decision making and performance in 2024.



Consumer drivers

Changes to household income, structure and priorities that will drive consumption behaviour.



Industry drivers

Refocus across the eating out industry on recovery, growth and the longer-term issues.

Eating out trends for 2024



1 / **New avenues for growth**

Footfalls and volumes will remain decreased in eating out, while costs will continue to rise. Operators will need to explore new revenue opportunities to offset these factors to grow incomes.

2 / **Enticing customers back to eating out**

The competition between eating in and eating out is fiercer than ever. Foodservice will have to work harder to encourage customers to come back as financial pressures ease and real wage growth returns.

3 / **Returning focus to the longer-term issues**

After several years of shifting focus to short-term shocks, the industry will return its attention to the longer-term issues. Health, sustainability and inclusivity will be put in the spotlight as consumer demand returns.

4 / **Expecting the unexpected**

Following years of agility and perseverance through shocks to supply and demand, businesses will be looking to be better prepared for such events – taking the time to reset, build resilience and be equipped to face new challenges.

5 / **Controlling costs without compromising experience**

Inflation persists in foodservice, putting operators in a difficult position. Businesses will need to continue to find ways to manage costs while maintaining the quality of service, products and experience that customers expect.

1. New avenues for growth



Although household incomes will start to grow in real terms, penetration and frequency of visits will be slow to return. Operators are also still facing into rising costs as inflation remains persistent (although decreasing) and are reluctant to pass these onto customers.

Operators will need to explore new revenue opportunities to offset this lower footfall and their continually-increasing costs.

Digital media networks for revenue

Following in the footsteps of retail, the eating out industry will start to adopt their own media networks. Selling this space to brands and suppliers for advertisements will act as an additional revenue stream for operators.

Evolving partnerships

We expect to see more strategic partnerships forming as operators take a more open-minded approach to where and how they grow, whilst partners value their brand equity and expertise. This will take the form of new eating out brand launches in retail, more shared space locations (e.g. retail stores and leisure venues and co-branded NPD).

Making the most of assets

Operators will be looking at more creative ways to make their assets work harder. They will be looking to capture every penny of hospitality spend by providing a total experience, expanding their offer to encompass food, drink, leisure activities and accommodation all in one location.

Targeting new day parts and consumer groups

From a themed brunch to a meal kit for a luxury at-home "insperience" to a special menu for pets, operators will be serving a wider range of meal occasions aimed at new groups of customers to creating more reasons to visit more often.

All about the merch

As operators aim to build engagement and loyalty with customers, the number producing branded merchandise has rocketed. Not only a new revenue stream but also a great advertising channel, branded merch is becoming a big deal for the biggest high street brands and smallest independents alike.

2. Enticing customers back to eating out



The competition between eating in and eating out is fiercer than ever.

As retail looks to maintain the share it has gained, foodservice will have to work harder to encourage customers to come back as financial pressures ease and real wage growth returns.

Digital media networks for communication

As well as working as a revenue stream, digital media networks will also enable operators to communicate directly with customers, allowing them to book directly, earn loyalty rewards and receive personalised messages and promotions.

Shift from loyalty to rewards

With the explosion of schemes in 2023, customers are being incentivised to become members everywhere. Schemes will become less about encouraging loyalty in its true sense, and more about rewards and what operators can offer customers to get them to choose them over competitors.

Using data to personalise marketing

Turning the data they have been collecting from rewards schemes, booking sites and third-party aggregators into actionable insights will be the priority for operators. The next step will be turning these into targeted and personalised marketing communications to encourage consumers to return.

Staying relevant on and ahead of social media

Successful social media strategies can help an operator go viral, creating a sense of FOMO for anyone who hasn't visited and encouraging them to make a booking. On the other hand, keeping ahead of trends on social media and incorporating them into menus and marketing campaigns as quickly as possible will keep operators relevant and top-of-mind.

3. Returning focus to the longer-term issues



After several years of having to shift focus to the short-term, immediate shocks, the eating out industry will return its attention to the longer-term issues.

As consumers' focus starts to shift away from purely value, they will return to demanding action on the things that matter most, and operators will be quick to prove they care about doing the right thing.

Who, and what, is driving the agenda?

With the clock ticking on sustainability target deadlines but delays caused by the pandemic and cost-of-living crisis, businesses will be under pressure to accelerate plans. Intervention may be back on the government's agenda – but which one? Businesses face a difficult time balancing action on long-term issues with making the right investment choices.

Helping consumers make informed healthy choices

With more information on health available on apps such as Zoe, some consumers are starting to take a more personalised approach to health. Expect to see a wider range of products with functional benefits and more information on menus. While growth in demand for meat substitutes has slowed, emphasis will shift to 'plant-forward' dishes that hero real vegetables.

Sustainable foundations

We'll see more focus on sustainable construction across all sectors. More accommodation and leisure operators will launch products focussed on regenerative tourism. The food and drink offer will need to follow the same sustainability approach.

Inclusion at the heart

With changing demographics, operators need to ensure they are not excluding potential customers from under-served consumer groups. Inclusion needs to be baked into formats, offers and products, rather than being an afterthought. Adapting offers to different consumer groups (e.g. older diners, single people, different sized families) and accessible sites will be some of crucial first changes.

4. Expecting the unexpected



The foodservice industry has shown incredible agility over the past few years – pivoting around the pandemic, and continued global supply chain issues.

With a hopefully calmer landscape this year, businesses will be taking time to reset and prepare itself to be able to react quickly to any future shocks to operations, supply and demand.

Building resilient supply chains

Businesses have had to adapt to changes in supply and demand shocks from Covid, climate change and wars, causing great disruption to supply chains. Going forward, future-proofed, resilient supply chains will be a priority to be better prepared to navigate these issues.

Prepared to act on new legislation

With an election ahead, there is likely to be new legislation around health, sustainability and labour. Some businesses will try to anticipate changes or get ahead of the legislation by leading the way and hoping the government follows. Others will watch and wait, but must be ready to implement changes fast.

Ready to respond to media

Media attention on topics like ultra-processed foods (UPFs) is likely to continue. Industry will need to keep on top of the areas under scrutiny and how customers respond and be ready to shift accordingly.

Keeping an eye on evolving tech

While not every technological advancement is suitable for each operator and won't require immediate or significant investment, identifying tech opportunities in their early stages will be crucial. Seeing tech evolve and getting operations ready for its implementation at the right time will be a core part of business planning.

5. Controlling costs without compromising experience



The hospitality industry is still struggling with the impact of inflation on profit margins, making it difficult for operators to raise prices without losing customers.

To tackle this ongoing issue, operators will need to continue to find ways to manage costs while maintaining the quality of service that customers expect.

Streamlined menus

Operators will look to simplify their preparation process and reduce inventory by streamlining menus and using the same ingredients across multiple dishes. Suppliers can help advise and guide operators to do this resulting in reduced wastage, bulk purchasing deals for key ingredients while maintaining the right menu choice for consumers.

Efficient preparation

Increasing labour costs and staff shortages mean operators need to find less labour-intensive solutions. This will happen both back-of-house (e.g. using pre-prepared ingredients like ready cut vegetables) and front-of-house (e.g. pre-mixed cocktail mixes) to maintain quality, whilst not requiring as much specialist skilled labour.

Adding a personal touch to tech

Using technology such as new wave vending and unmanned, self-serve stores will become more prevalent across catering environments, facilitating a 24/7 service. In the hospitality sectors, kiosk ordering is going mainstream allowing for a faster, personalised experience where operators can consistently upsell to their consumers.

Strategic promotions

Operators must balance promotional strategies to increase footfall and spend while maintaining profit levels. Personalised communication and offers targeting specific occasions and missions will facilitate this. Dynamic pricing will also be used to entice consumers to visit at traditionally quieter times.



How we can help you

IGD is famous for its Retail and Shopper expertise. But did you know we're also experts in Eating Out? We'll help you navigate the challenges ahead, reducing business risk and focusing on where the growth is in the ever-changing Eating Out market

Robust data you can trust

- We have a total market view of food and drink consumption in the UK (in and out of home)
- We've overlaid our renowned scenario-based forecasting methodology, providing a trusted dataset

What we can help you achieve

- Experience the future
- Unlock commercial success
- Succeed with and inspire your customers
- Identify and win new opportunities
- Provoke new thinking

The market-leading service from us

- Personalised solution for you and your business
- Expert facilitation
- Interactive and immersive experience



Learn more

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