Irish Foodservice Market Insights 2020













BORD BIA
IRISH FOOD BOARD

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Section One
Introduction

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An Industry Disrupted

Coming into 2020, the Irish foodservice industry, both in the Republic of Ireland and in Northern Ireland, was in a relatively strong position. Bord Bia/Technomic research indicated that the foodservice industry totaled €8.6 billion on the island of Ireland at the end of 2019. Growth had been strong, with ROI showing 4.9% value growth in 2019 and NI growing at 3.5%. Forecasts for the future were expecting similar (albeit slightly lower) growth rates for the next several years, in conjunction with expectations of continued economic growth.

Today, however, seven months into the worst disruption the foodservice industry has ever seen, there remain significant questions about the ultimate impact of the COVID-19 pandemic on the industry. This has taken on new urgency in the late autumn of 2020, as renewed restrictions have been placed on both Republic of Ireland and Northern Ireland society to counter a “second wave” that has seen growing case counts in both areas.

Building on forecast scenarios issued as part of a White Paper in May, Bord Bia and Technomic have revisited the situation across all foodservice sectors and have updated and refined the expectations for 2020.

Note that while these figures are shown as full-year 2020 results, they do presume to forecast the last two months of the year. With additional restrictions in place as of October, there is still some variability in what the final outcome for 2020 might be, and these numbers should be considered the midpoint of a range of potential outcomes.

For the first time, this report also explores the potential outlook for 2021 with similar scenario analyses.

During this period of uncertainty, Bord Bia will continue to support the Irish foodservice industry with insight, supplier capability activities and business development facilitation.

Background on this Report

Bord Bia has operated an Irish Foodservice Market Intelligence programme since 2009—providing resources to both client companies (Irish food and beverage manufacturers) and customers (domestic foodservice buyers) alike.

For the development of this study, Bord Bia collaborated closely with Technomic, a global food consultancy with more than 50 years of expertise in the out-of-home industry, to deliver insights necessary to assist in the development of market strategies and to highlight potential opportunities. This is the seventh year that Technomic has been commissioned by Bord Bia to assist in developing this report.

Technomic and Bord Bia used a robust, multistep methodology to collect and synthesise information and to develop new insights on the foodservice market in Ireland, including:

- One-on-one trade interviews with knowledgeable persons in companies throughout the foodservice supply chain
- Data collection from numerous secondary sources, Technomic industry studies and Knowledge Centre, Technomic international tracking and published materials.

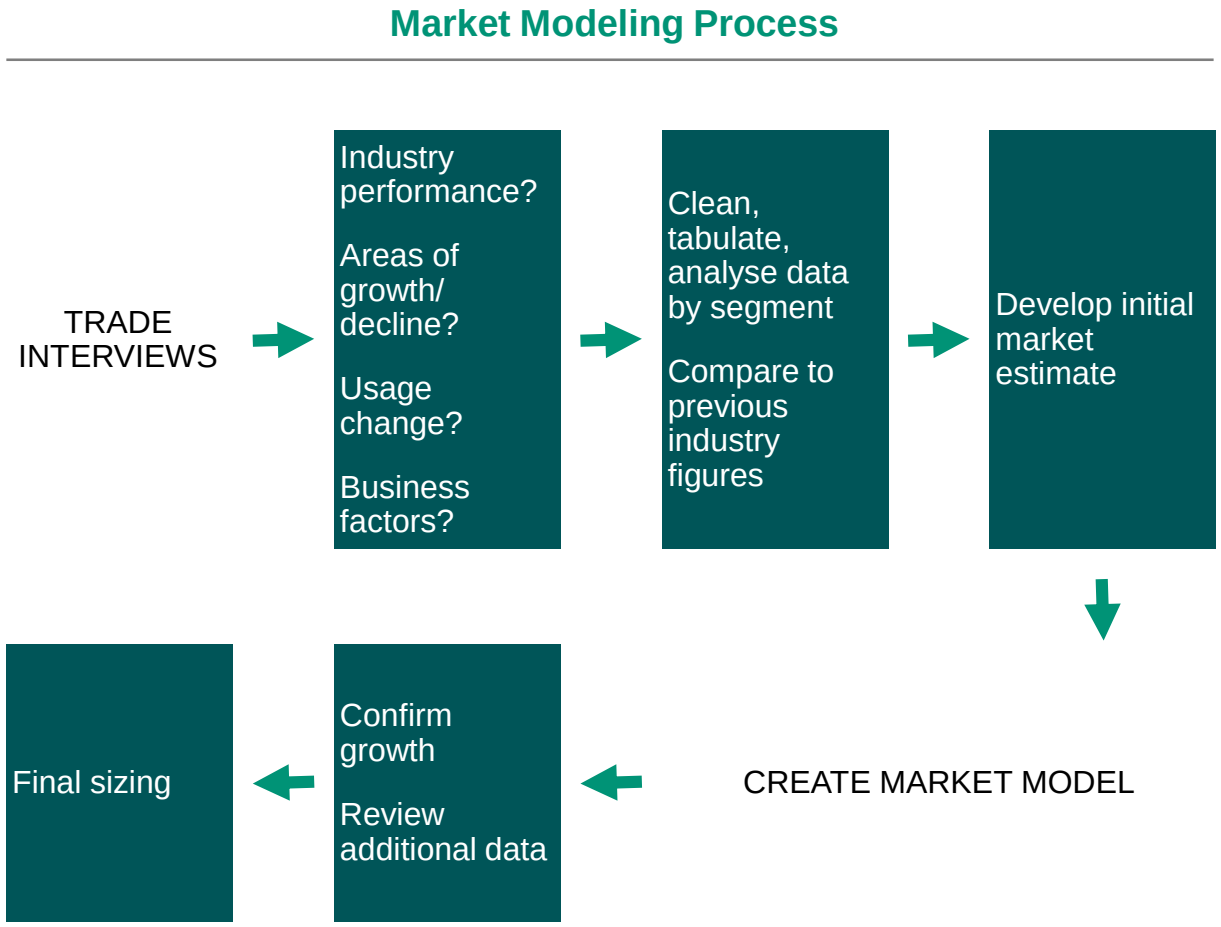
These resources, along with Technomic's market sizing and forecasting expertise, have been utilised to create this report detailing the intricacies of the Irish foodservice industry.

Market Modelling Approach and Methodology

The illustration outlines key steps in Technomic's market sizing and forecasting process as it relates to the foodservice industry and specific segments in both the Republic of Ireland as well as Northern Ireland.

Forecasting Approach

- For 2020, the model is built on a month-by-month evaluation of the impact of COVID-19 against the baseline 2019 monthly revenue numbers and forecasted 2020 revenue figures. Scenarios evaluate the difference between the 2019 baseline compared to expectations for lost revenue in each segment by month.
- The modeling accounts for the varying levels of sales from month to month based on broader industry research conducted for this report.
- Various historical and forecast inputs are employed in the model and are drawn from industry inputs and prior research.
- Assumptions for each scenario have built-in regional differences and expectations.
- Using all of the above, Technomic experts and analysts evaluate the outputs of the model for reasonability and, if necessary, revise the modeling and weighting of different inputs based on unique macro circumstances.



About Technomic

Technomic is uniquely qualified to conduct this assignment. Since 1966, Technomic has been assisting clients with interests in the global food and beverage industries to obtain a better understanding of the marketplace and potential opportunities.

Technomic is considered to be the leading research and consulting firm specialising in the foodservice or out-of-home (OOH) industry, Technomic is active in numerous international OOH markets. Technomic's broad-based expertise and second-to-none knowledge of the OOH channels and categories establishes us as an industry leader in this growing marketplace.

As part of Winsight, Technomic is positioned as a leader in multiple facets of the global foodservice industry. Winsight provides customers and audiences access to the most credible source of industry market intelligence with top industry print and digital media assets, world class events, and Technomic's channel-relevant strategic research and insights. Technomic's global monitoring, includes ongoing coverage of 25 foodservice markets globally and is an integral part of Winsight's Global Restaurant Leadership Conference that takes place every Autumn.

Beyond Technomic, Winsight provides global reach and insights through its media (including *Restaurant Business*, *CSP*, *Foodservice Director* and others) and events (including the Global Restaurant Leadership Conference, FARE, Outlook Leadership, FSTEC and others). In November 2018, Winsight acquired the rights to the National Restaurant Show that takes place every May in Chicago.

Glossary of Terms

Term	Definition
Business & Industry (B&I)	Includes foodservice operations within company and corporation locations, office complexes, plants, factories, etc.
CAGR	Compound annual growth rate: The average sales increase over a specified number of years incorporating compound growth
Cash-and-Carry	A large outlet where foodservice operators and small retailers can come to purchase supplies
Commercial Foodservice	Channels where catering for profit is the prime objective
Consumer Spending	Consumer spending accounts for spending by diners within all foodservice channels
Contract	The direct supply of products to trade customers that buy centrally. Also known as “wheels only” in view of distributors that provide logistic support (delivery) but do not buy or sell
C-Store	Convenience store where hot food or food on the go is sold to eat and take away
Customer	The person to whom the supplier sells, usually the distributor or the operator, although the ultimate customer is the consumer
Delivered Wholesale	Supply of product to outlets via wholesaler delivery vans, often on a daily basis
Direct	Where operators buy from markets, producers or farmers direct rather than through intermediaries such as wholesalers
Fast-Casual Restaurant (FCR)	A subset of limited-service restaurants; menus may feature prepared to order items; menu items are typically made with fresh, high-quality ingredients; price point is between quick-service and full-service venues
Foodservice Channel	The acknowledged grouping of foodservice outlets by type (each of the main channels is defined separately)
Food To Go	Includes premade, ready-to-eat menu items sold through various retail channels and consumed off-premise
Forecourt Convenience	Convenience-store operations that are integrated with a fuel forecourt

Glossary of Terms

Term	Definition
Full-Service Restaurant (FSR)	Restaurants that offer table service and waiting staff
Hotel & Accommodations	Hotels and resorts that are primarily engaged in providing short-term lodging. Establishments may offer food and beverage services including restaurants, bars, conference services, catering services, banquet services, complimentary breakfast/snacks and room service
Institutional foodservice	Often known as cost catering, channels where catering is a service provided for free or with a subsidy
IOI	Island of Ireland
Limited-Service Restaurant (LSR)	Restaurants offering counter service where customers generally order or select items and pay before eating
Occasion	The meal reason for visiting a foodservice outlet, e.g. breakfast, lunch, dinner, coffee, snack etc. This can also be referred to as a “daypart”
Operator	The company or business running the foodservice outlet or chain of outlets
Operator Purchases	Operator purchases represent the value of distributors’ sales to operators, including distributors’ margins
Quick-Service Restaurants (QSR)	Also referred to as QSR, this channel is a subset of limited-service restaurants, often with value price orientation
Route to Market	How to get the product to the end consumer. Involves distribution and logistics
Traffic	The number of consumers visiting a foodservice outlet. Also known as footfall, it is a key operator metric
White-Tablecloth Restaurant	White-tablecloth restaurants, a subsegment of the full-service restaurant channel representing the more traditional and premium restaurant outlets



Section Two

Executive Summary and Key Takeaways

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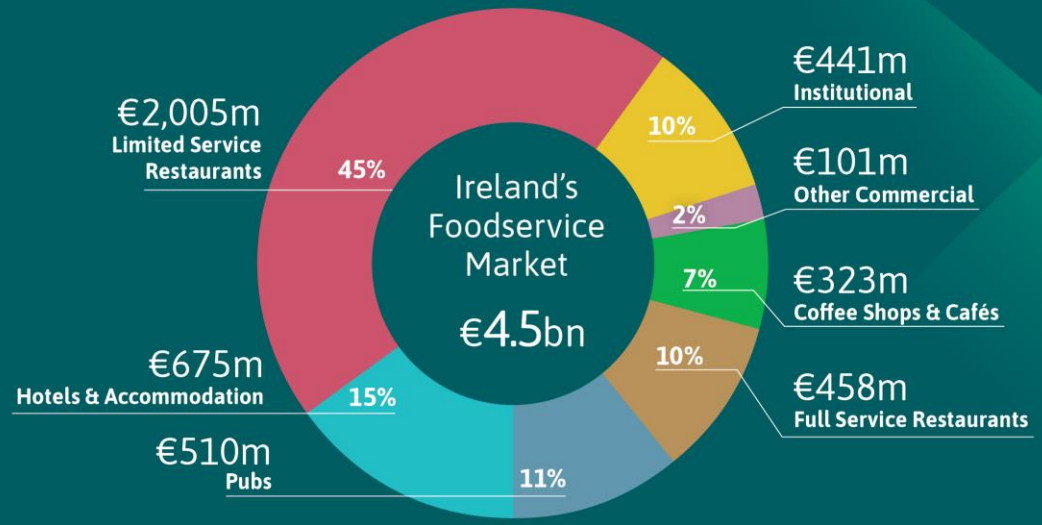
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What is **Foodservice?**

Foodservice or 'Out of Home' is the term used to describe all food and drink consumed and prepared out of home. It includes everything from restaurants, pubs, hotels and coffee shops to workplace, hospitals and education catering.

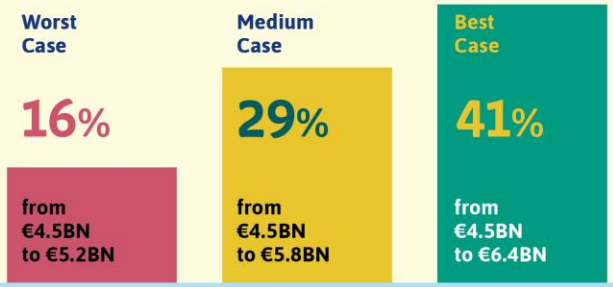
NOTE: Figures in this report exclude alcohol sales.

bordbia.ie



Source: 2020 Irish Foodservice Consumer Insights Report

2021 PREDICTED GROWTH RATES:





The value split between Commercial and Institutional Channels is

90% :10%



6 Considerations for the Future

- **Changing Landscape**
- **Off-Premise Acceleration**
- **New Restaurant Layouts**
- **Reinvention of the Business Model**
- **Safety & Sanitation** Will Be Front and Centre
- **Supply Chain "Bumpiness"**

Total IOI Foodservice Industry

Consumer and Operator Spend in 2020

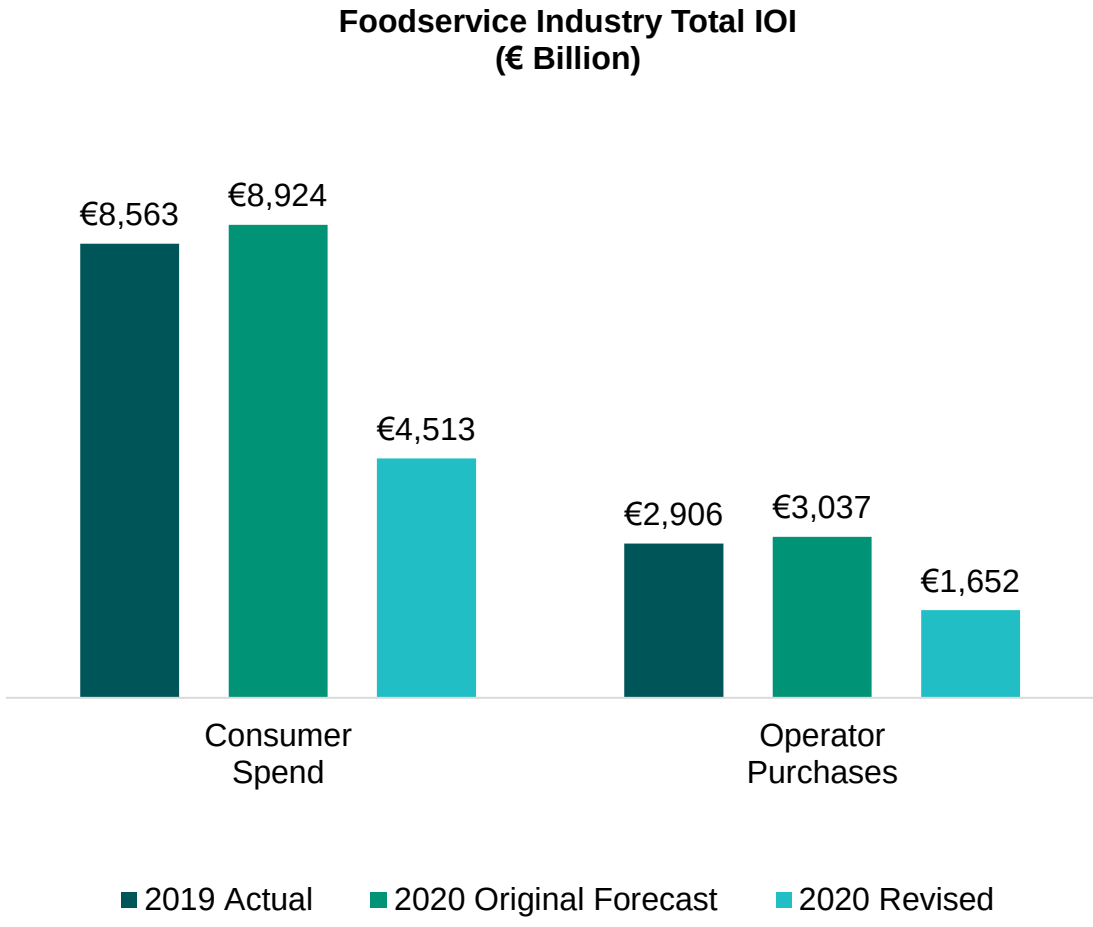
The value of the Irish foodservice industry for 2020 is estimated to be €4.51 billion in terms of consumer expenditure and €1.65 billion in terms of operator purchases. This includes both the value of the Republic of Ireland and the converted value (from Sterling to Euro) of the Northern Ireland foodservice market. Figures in this report exclude alcohol sales.

Note that when this report defines “consumer spending,” this refers to actual consumer spending by diners within all foodservice channels.

In noncommercial channels such as education or healthcare, a retail sales equivalent value is calculated so that these channels can be directly compared to commercial restaurant sales.

Operator purchases represent the value of distributors’ sales to operators, including distributors’ margins. These purchase values are derived at the channel level by using food cost ratios, which vary by foodservice channel.

On an overall basis, operator purchases represent 34% of the value of all consumer expenditures in the IOI foodservice industry.

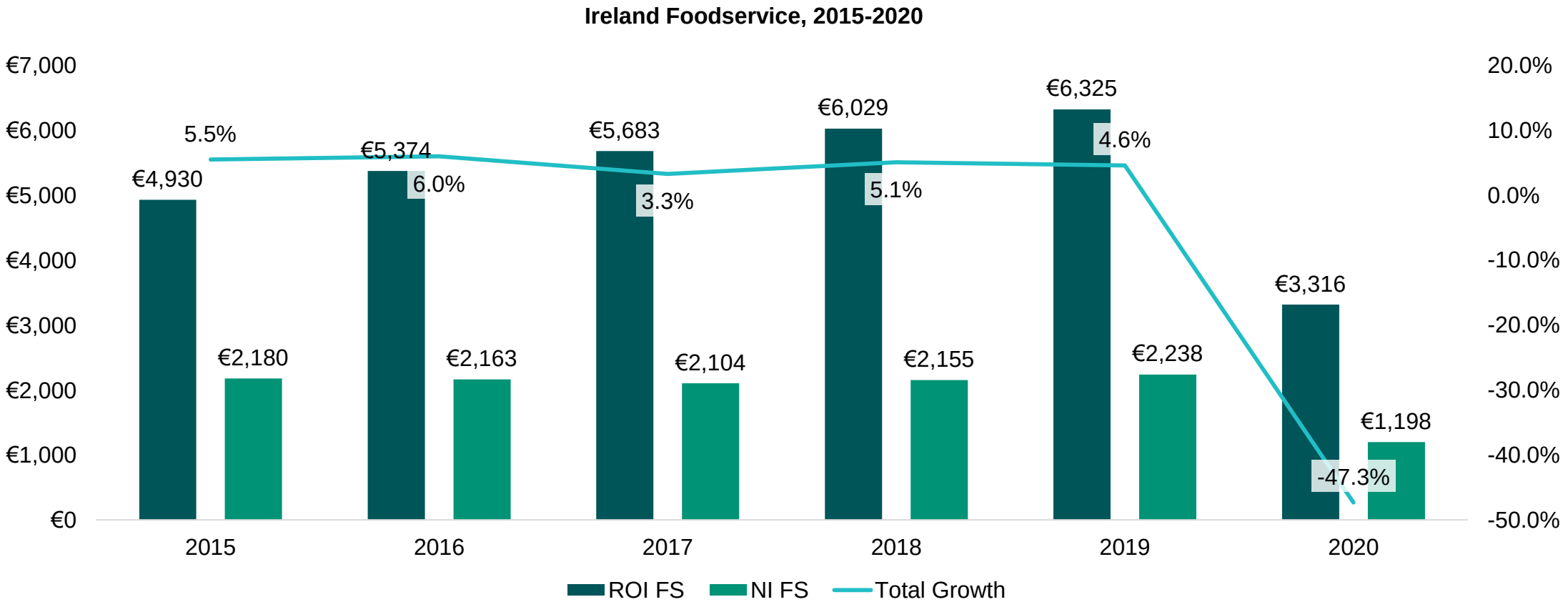


COVID-19 and the Irish Foodservice Industry

- **Dec. 31, 2019** China alerts WHO about a novel coronavirus spreading in that country
- **Jan. 30, 2020** WHO declares global health emergency
- **Feb. 27** First documented case in Ireland
- **Mar. 10** Government announces the closure of all schools, colleges and childcare facilities, initially until 29 March
- **Mar. 15** Restaurants and pubs closed
- **May 1** Extension of restrictions and publication of five-stage roadmap
- **May 18** Easing of restrictions begin
- **Jun. 29** Restaurants and pubs serving food allowed to reopen
- **Aug. 7** Clampdowns in counties Kildare, Laois and Offaly following significant increases of COVID-19 cases
- **Sep. 15** Plan announced to “live with COVID-19,” including a new listing of five potential levels of restriction
- **Sep. 18** Dublin moved to Level 3 restrictions
- **Sep. 25** Donegal moved to Level 3 restrictions
- **Oct. 6** Every county in Ireland moved to Level 3; indoor dining banned
- **Oct. 19** Entire country moved to Level 5 restrictions for minimum six weeks

A Review of the Foodservice Industry in Ireland

Industry Size and Growth, 2015-2020



Source: Bord Bia, Technomic

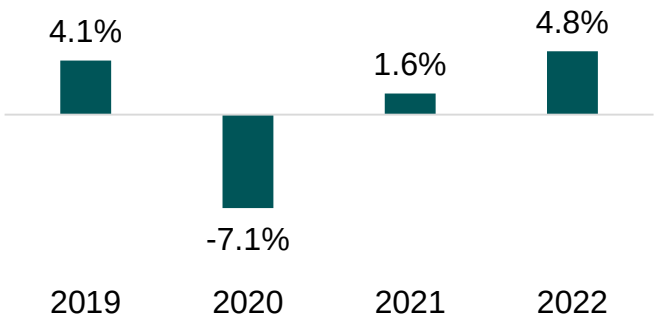
Economic Conditions Drive Foodservice Outlook

Key Indicators Impacting Current and Future Industry Growth

Economic Forecasting

Economic forecasts for 2020 and 2021 show a deep recession ending later in 2021. The Central Bank of Ireland forecasts a 7.1% decline in domestic demand in 2020, with a relatively small bounce back in 2021 before accelerating again in 2022.

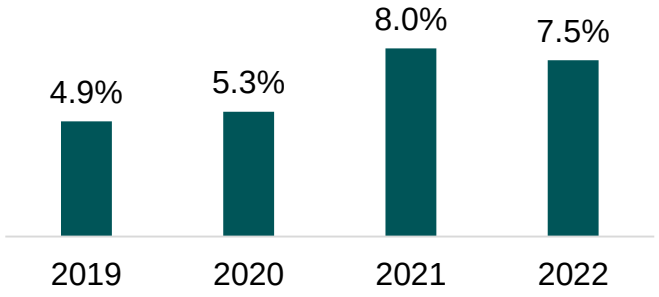
Domestic Demand



Unemployment Situation

After years of strong employment growth, Ireland is faced with high levels of unemployment which will likely last well into 2021 and beyond. Note that this is the official unemployment rate annualised and may not fully include those temporarily assisted by the wage schemes.

Unemployment



Tourism Expectations

Tourism is a key driver for hospitality, particularly in larger markets such as Dublin, Cork, Galway and others. In 2019, more than 11 million tourists visited Ireland and generated nearly €6 billion for the economy. By August, Dublin Airport had reported an 85% year-on-year fall in passenger traffic. While forecasts are not available yet for 2020, European travel remains constrained, and the 2 million per annum visitors from North America are unlikely to return to these levels in 2021.

Some of this loss in international tourism was replaced by stronger than anticipated domestic tourism during July and August. Fáilte Ireland Consumer Sentiment Index (September 2020) reports that 70% of Irish consumers plan a domestic short break in the next 12 months.

Sources: Tourism Ireland, ESRI, Fáilte Ireland

2021 Forecasting

Future forecasting has never been a bigger challenge. Given the uncertainty around the virus and the resulting knock on effect for economic activity, the most prudent course of action is to evaluate the potential outlook through various best and worst case scenarios.

The assumptions used to generated these scenarios are shown in this summary table.

Note that in all instances (including worst case analysis), 2021 figures indicate industry growth.

2021 Scenario Factor	Best Case	Worst Case
COVID-19 medical advances	• In early 2021, vaccine developed, available and administered and/or effective therapies developed to significantly reduce COVID-19 symptoms and effects	• Medical advances not available to general public until late 2021 or after
Virus resurgence	• Rendered a minor issue once medical advances are made	• Ongoing widespread and multiregional lockdown orders or dine-in reclosures
Travel & tourism	• With concern about infection receding, tourism sees a lift from Q2 2021 onwards, with U.S., U.K. and other visitors starting to return • Some restart of sporting events and other large gatherings	• Continued concerns about the virus indicate that international tourism will likely stay at levels well below 2019 levels • Irish “staycations” may be less robust than in 2020 as economic challenges mount • Continued low/no events occurring in most parts of Ireland
Economy	• Strong year-over-year economic growth returns • Dublin and other urban areas regain some economic vitality as workers return in Q2 2021 and travel begins a return to normalcy • Unemployment abates	• Weak economic growth, with continued high unemployment • Recession through most/all of 2021 • Continued focus by white-collar employers on work from home schemes; return to office postponed through at least first half of the year • Lackluster footfall in city centres

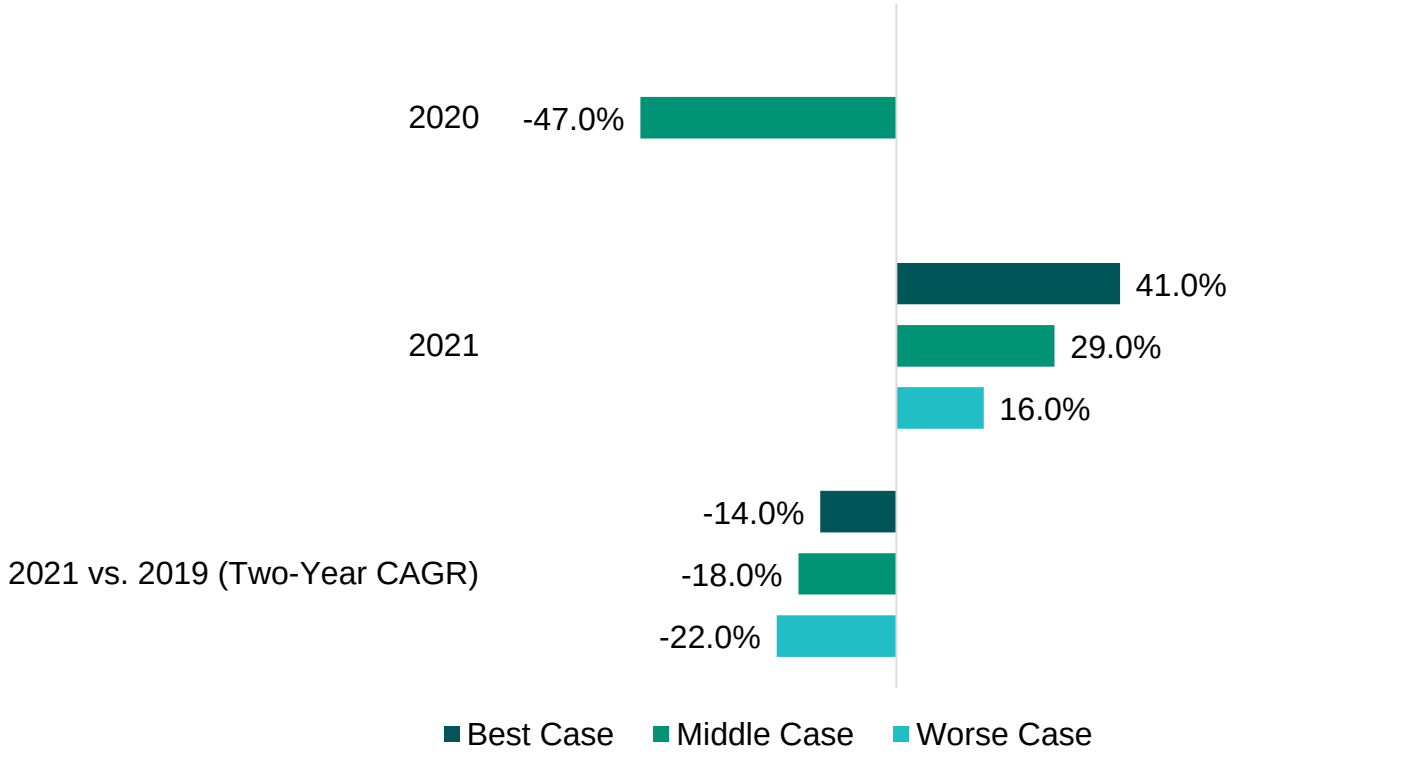
Foodservice Industry Performance

2020 and 2021 (F)

The industry value will be down 47% in 2020, but should see some bounce back in 2021.

- Overall, the industry is expected to contract by 47% in 2020, but grow by somewhere between 16%-41% in 2021.
- Despite the recovery in 2021, the industry will still be below 2019 sales levels regardless of scenario. Taking a two-year “average” growth rate, the industry will be down between 14% and 22% p.a. from 2019 to 2021.

Foodservice Industry Forecast Scenarios
Nominal Percentage (change based on consumer spending excluding alcohol)



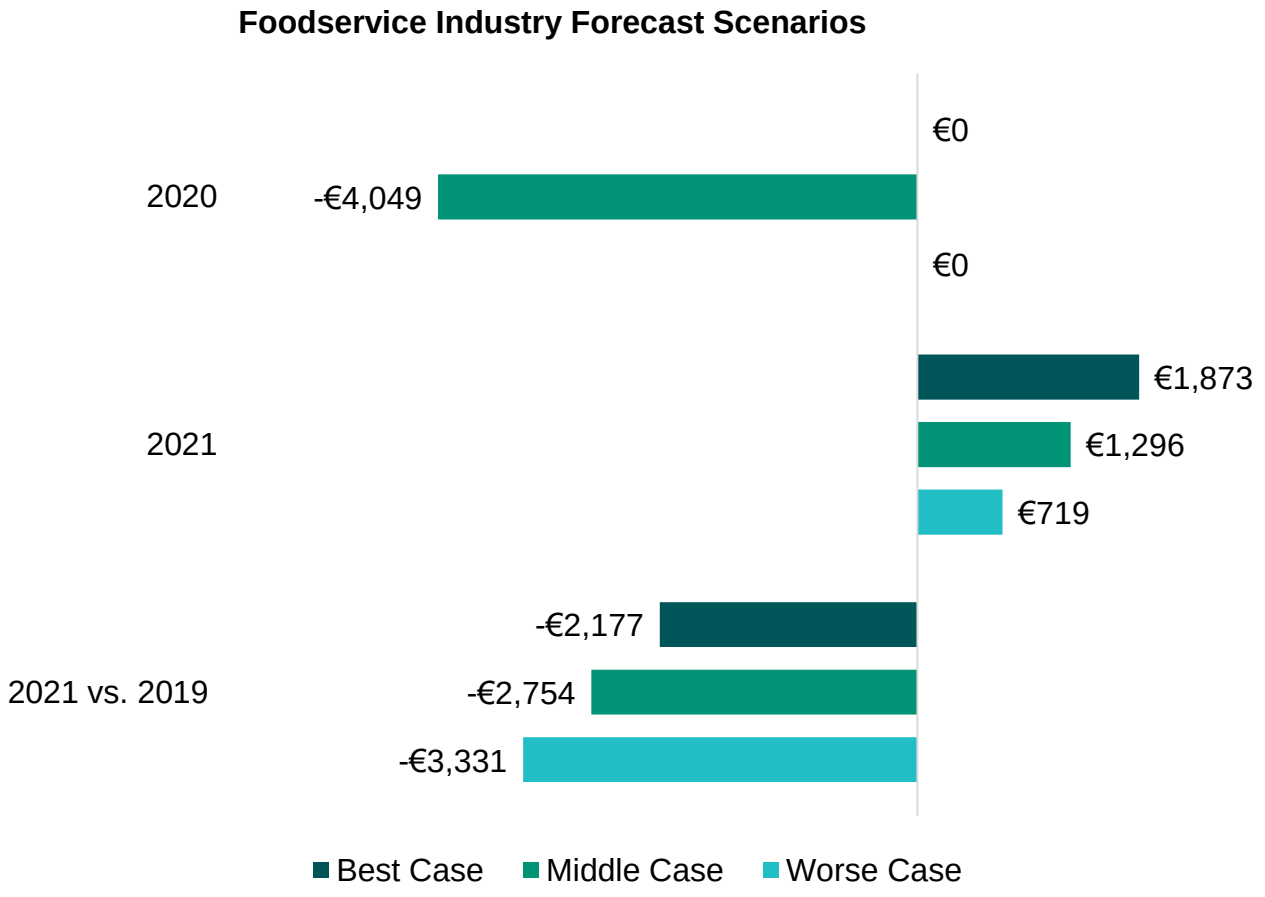
Source: Bord Bia, Technomic

Foodservice Industry Change in Turnover

2020 and 2021

The industry is expected to contract by over €4 billion in consumer spending in 2020.

- The industry will begin to regain losses suffered in 2020; however, various scenarios will dictate the levels. Regardless, the industry will still be between €2.2 and € 3.3 billion smaller at the end of 2021 compared to 2019.



*RSE excluding alcohol
Source: Bord Bia, Technomic

Summary of Sector Growth/Decline

2020 and 2021

Pubs, hotels, full-service restaurants, other commercial establishments and B&I are expected to suffer the most in 2020, with significant declines in overall consumer spending.

- In 2021, growth scenarios show double digit growth as the industry bounces back, but revenue levels will remain well below 2019 base-line levels.

2021 Growth Scenarios	2020	2021		
	Growth	Middle Case	Best Case	Worst Case
Limited Service	-33%	19%	27%	10%
Quick Service	-34%	18%	27%	10%
Fast Casual	-48%	20%	29%	10%
Food To Go	-25%	19%	27%	11%
Full Service	-56%	19%	32%	6%
Pubs	-64%	43%	69%	17%
Hotels & Accommodations	-56%	49%	65%	34%
Coffee Shops/Cafes	-33%	35%	43%	27%
Other Commercial	-69%	81%	108%	54%
Institutional	-42%	20%	34%	6%
Business & Industry	-64%	48%	79%	17%
Education	-58%	45%	75%	15%
Healthcare	-10%	1%	3%	-2%
All Other	-4%	1%	3%	-1%
Total Foodservice	**-47%**	**29%**	**41%**	**16%**

Source: Bord Bia, Technomic

Commercial Channels

Overarching Trends

Given the significant disruption experienced by commercial operators, the “trends” noted this year are mostly around business survival. The following were common themes uncovered during the research process:

1. **Shift to off-premise**—Given dine-in closures, operators that were able to pivot to takeaway or delivery saw some success with these as a “bridge” to survival.
2. **Menu rationalisation**—Menu complexity was reduced in favour of a focus on the items that drove revenue and profit.
3. **Exploration of new service areas**—Restaurants often found themselves with new business models, including selling grocery items in their restaurants or increasingly building online retail portals to sell their products.
4. **Investment in technology to facilitate ordering and collection**—To make the pivots to off-premise and online retailing, many operators reportedly accelerated or even initiated plans to build out online capabilities, including apps, websites, online stores and more loyalty programmes to capture customer data.
5. **Reconfiguration of stores/dining facilities**—Socially distanced tables and one-way queues that minimised interaction between guests and with staff were requirements to operate.
6. **Increased sales/focus in suburban areas**—Footfall has been virtually non-existent in Dublin and other major city centres. Many operators with locations in suburbs and outlying areas report better trading conditions outside of urban corridors.
7. **Increased usage of single-use packaging**—Given the central role off-premise played in keeping many operators afloat, most reportedly saw huge spikes in packaging, whether disposable cups, pots, boxes, bags or other. Most noted that the consumer interest and demand for sustainable items had declined significantly during the pandemic, however most expect that this will revert once the immediate danger and threat of the virus has passed.
8. **Reliance on suppliers and distributors**—Operators have been more reliant on suppliers for flexibility in payments and in returns. Many suppliers had shifted resources to the increased retail demand and found it difficult to maintain full inventory based on significant fluctuations in demand.

Institutional Channels

Overarching Trends

Many of the key trends identified for commercial channels have also been identified for a number of the institutional channels. However, several trends specific to institutional include:

1. **Canteen upheaval**—Most institutional operators note that the traditional canteen model has been upended. Businesses see more dining at desks, while educational facilities have reduced capacity and removed/lessened self-service areas. A return to the traditional canteen is seen as unlikely until a vaccine is in place.
2. **Slow return to on-site dining**—Particularly in business feeding (but also education), most operators admit recovery will be slower than originally anticipated, as many businesses contemplate a full return to the office in mid-2021 (or later).
3. **Rethinking existing space**—With a return to normalcy seemingly far away, operators are seeing dining spaces, coffee spaces and other former food/beverage-dedicated spaces being converted to different uses, including offices, meeting rooms, etc.
4. **Central product kitchen emphasis**—Kitchens make less sense for smaller businesses that are now feeding even fewer people, and contract caterers are exploring ways to centralise production to be more efficient and cost-effective in food preparation.
5. **On-site click-and-collect**—as the traditional canteen lessens in importance, operators are working to get food to workers and residents where they are. More institutional operators and contract caterers have worked to implement technology and service capabilities to offer click-and-collect options for food pickup. This may also include some delivery to desks or to other areas within a workspace or university.
6. **Food for off-site workers**—with more work-at-home options, contract caterers are looking at ways to support businesses that want to continue to provide food as an amenity to employees. A number are experimenting with off-site delivery options.
7. **Exploration of new business models**—With a focus on development of online ordering and app-based payment systems, it also allows institutional operators and contract caterers to enter into businesses such as selling retail products, domestic gifting during the holidays and other ways to provide a “value-add” to the customer.
8. **Changing relationship with accounts regarding fees**—Many contract caterers have found that existing relationship and contracts with key accounts may need to be restructured in the era of COVID-19. Many expect to see a continued preference for cost-plus models that are less risky for the account and that provide a more variable cost outlay based on actual meals served. Fixed cost and true P&L relationships will likely be rethought until the pandemic recedes in order to mitigate the risk for the account.

What Does the Future of Foodservice Look Like in Ireland?

1. Changing Unit Economics Will Change the Landscape

A number of key issues will have a long-term impact on the revenue and profitability of the foodservice operator.

- Labour is a key concern. Operators have had to make key employees redundant, and training and retention challenges are expected to continue.
- Consumer orientation toward price suggests that price increases and a premium positioning may encounter resistance from customers in the short/medium term.
- Off-premise fee costs have been a challenge as operators have shifted to delivery models (especially aggregators). Passing these higher costs onto the consumer may prove difficult.
- As demand shifts to the suburbs, operators may find it hard to maintain a significant presence on the high street without rent abatement or other cost control measures.
- Interior spacing has been reconfigured and with associated capacity limits, driving incremental revenue and returning to normal spending levels will take several years.
- Exterior seating/spacing has been a welcome addition in places where it has been possible. Going forward, there may be more interest from operators in building patios or other outdoor space as a hedge against future dine-in shutdowns.



2. New Restaurant Layouts Will Arise to Create Flexibility, Options

As part of a shift in unit economics and how foodservice operators can make money, a significant driver will be changes in the operational footprint/layout of foodservice operators across all sectors. This will have impacts across front- and back-of-house.

Front-of-House

- Flexible seating options, with fewer built-in booths, and a greater ability to move tables and create dining options.
- More planned outdoor space—While Irish weather doesn't always cooperate, operators will want to have patios, garden seating or even work with local councils to have pavement or street dining to mitigate risk of dine-in restrictions.
- Separate pickup areas will likely be incorporated into front-of-house locations to help facilitate takeaway.
- At the same time, to entice guests to return, operators will need to deliver an enhanced dine-in experience. This may involve more tableside preparation, dine-in specials, limited-time offerings (LTOs) or other methods that will create a differentiated experience for the guest.

Back-of-House

- New locations will likely focus on smaller, more modular kitchens that can be reconfigured easier. Multifunctional equipment will be necessary.
- Separate off-premise production kitchens are already being incorporated into operator strategies and will grow in importance.



3. Safety and Sanitation Will Be Front and Centre

Safety and sanitation will continue to be a critical part of the operator emphasis during and post-COVID-19. Ensuring that consumers feel safe and that the facility has been properly sanitized is, per many operators, the most important thing they can be doing from a brand positioning perspective.

- Going forward, being able to “sell” safety and sanitation by telling the story of how thorough the cleaning process is and the steps that are being taken, will take a much more important role in how operators market themselves.
- Note that this need is not just for operators and their front-of-house sanitation but, done correctly, impacts the full supply chain. Full transparency on the safety and sanitation practices of distributors and suppliers will be much more in demand across the industry.
- Tech-based automation will be a key enabler for this expanded emphasis. Expectations are that practices as listed below will become the norm across many foodservice sectors:
  - No-contact food handoff
  - Frictionless ordering and payment for on- and off-premise
  - Voice-activated tech in front-of-house and back-of-house
  - Re-emergence of QR codes



4. Off-Premise Acceleration and Focus Across All Sectors

While certain operators (i.e. Asian restaurants, chippers and other takeaway-oriented restaurants) already had an off-premise focus, the pandemic has shown that having alternatives and contingencies available to shift to off-premise for all will be critical to future success.

As such, a key trend to emerge and accelerate from this pandemic will the shift to the development and implementation of off-premise strategies, particularly in segments where this had not previously been a focus.

- More and more, sit-down restaurants, pubs, and even institutional operations have invested during the pandemic in click-and-collect technologies, and this capability will continue to grow and thrive post-pandemic.
- Delivery is something many operators had avoided pre-pandemic, but this too is an area that many are exploring to mitigate risk. Expectations are that delivery (whether through aggregators or even self-delivery) will accelerate.
- With a more concerted focus on off-premise, there remain significant operational and cost concerns, particularly for operators that are new to this area. Packaging costs, making food “travel-ready,” setting up front-of-house space for takeaway or delivery, and factoring in additional costs and technology are all steep challenges that some operators will struggle with. There will be a period of learning and experimentation, and not every operator will be successful with this new normal.



5. Reinvention of the Business Model

Given the disruption seen in Ireland (and around the globe), the restaurant and broader foodservice industry will need to relook at the business model and may need to reinvent parts of the business.

- New formats/hybrids are appearing, including an integration of retail products into a restaurant setting. There will likely be a further blurring of retail and foodservice as consumers look to source both meals and grocery items together. Meal kits, which have been a successful way for operators to bring the restaurant experience to the at-home consumer, will likely continue.
- Next-phase delivery kitchens are already being explored in Ireland. As delivery and off-premise become more prevalent, some operators have decided (or will) that they don't need as much dine-in space—or any at all. Delivery-only kitchens may gain prominence not only in urban areas, but even in more suburban or even rural areas where a more traditional restaurant may not make sense.
- Beyond delivery-only kitchens, some operators are exploring virtual brands that can be run out of their existing restaurant kitchen. These are typically brands that only "reside" in cyberspace, but that are made and delivered from existing space. This provides restaurants with additional sources of revenue, particularly during slower times.
- It is likely that many operators will re-evaluate their location strategies. City centres may not be as attractive longer-term for certain types of operators, particularly those that cater to business lunches, etc. (especially in light of continued working at home), and operators will assess whether there are more opportunities in suburban locations.



6. Supply Chain ‘Bumpiness’ Will Be An Issue for Foreseeable Future

Suppliers and distributors were candid in their appraisal of the industry’s ability to manage supply chain challenges in 2020.

There were issues—often significant—with out-of-stocks, and operators often found themselves with substitute products or without the ability to serve a particular menu item. At the same time, operators were often caught with extensive inventory when government lockdowns were decreed.

It’s clear that supply chain forecasting and the ability to accurately assess supply and demand has been largely one of guesswork throughout most of 2020. While most vendors and distributors attempted to do whatever necessary, often products were simply unavailable.

It is unlikely that this will change in the short to midterm. Until the industry is on an established growth trajectory with little concern for additional lockdowns, there will be challenges in maintaining proper inventory.

This is also likely to manifest itself regionally, as different parts of Ireland recover and grow at different paces.



Imperatives for the Supplier Community

1. Take the Opportunity to Reassess Your Portfolio

- Many suppliers have numerous SKUs and often multiple brands, many of which don't make sense to continue in the current environment.
- In addition, operators and distributors are generally paring back items carried or offered.
- Customers (both operators and distributors) are more open to discussions around reductions or consolidation in brands.
- Top-line hits to revenue in 2020 and 2021 may be more palatable during a period of significant declines in turnover, particularly if those changes in the portfolio lead to better/higher-margin structure. Accelerating changes in portfolio makeup in 2020 and 2021 will better position suppliers for the future of the foodservice industry.

SUGGESTED ACTIONS

- Conduct a thorough review of your existing brand portfolio and product lines to determine true profitability and costs associated with each SKU and brand.
- Reset thinking on customised products to determine whether it makes sense to continue.
- Understand not only the true costs of keeping a product, but also the opportunity costs of rationalizing a brand or SKU.
- Focus on maximizing profitability.



2. Focus Sales Strategies on Most Critical Targets

- The gap between attractive and unattractive customers has never been greater. Some customers will see relatively quick bounce back, while others will take months or years to fully return. A full consideration of the outlook for each customer should be undertaken.
- Reranking and reprioritizing customers should be part of the post-pandemic playbook. Don't assume short-term challenges will continue, but also take a realistic look at the longer-term situation of each customer
- Refocus sales team on activities that will drive value.
- Many distributors are accelerating "virtual selling"—in-person operator visits have been cut (at least in the short- to mid-term) and are being replaced by online meetings.

SUGGESTED ACTIONS

- Further investment is necessary with high-priority customers to invest in long-term success. This should be done in a number of ways, including:
  - Sales focus
  - Innovation
  - Marketing support
- Where appropriate, incorporate local sales input into strategic planning process and build strategy from the bottom
- Reimagine sales compensation for field sales. With growth coming in uneven bursts, compensating sales on behaviours and actions will be necessary to position suppliers for longer-term success.

- With some reduction in the visibility of distributor field sales to the operator, suppliers will need to build up capabilities to remotely promote product solutions.
- Suppliers should ensure that they are providing distributors the support they need to serve customers; cuts in marketing and support mean they (distributors) have more difficulty monitoring market developments.



3. Reset Knowledge Base of Customer Attitudes and Behaviors

- The gap between attractive and unattractive customers has never been greater. Some customers will see relatively quick bounce back, while others will take months or years to fully return. A full consideration of the outlook for each customer should be undertaken :
  - Attitudes
  - Behaviours
  - Brand preferences
  - Switching
  - Product sourcing and route to market
  - Key product applications
- This is true for operators, distributors and consumers, as the pandemic puts new dynamics into play. Many are experimenting with new business models and their business may continue to shift in unexpected ways as the pandemic plays out.

- Previous trends like health/wellness have dropped in importance, at least temporarily, but when they return, they may come back in a different form and with differing customer expectations.

SUGGESTED ACTIONS

- Start from scratch in terms of understanding your customer, their growth strategies and how your products provide a solution for the customer.
- As suppliers work closer with customers, identifying new areas of focus will lead to new opportunities.
- Immersion in the consumer experience is required.



4. Prepare for a Rejuvenated Industry in 2021 and Beyond

- Many suppliers remain optimistic about the resilience of the foodservice channel. While growth is down significantly in 2020, subsequent years should see a healthy bounce back (although full recovery will likely take three to five years at a minimum).
- While 2020 is viewed as a “lost year,” it creates an opportunity to reposition a supplier’s organisation for the longer term by making necessary (and often overdue) changes to sales, marketing or product developing approaches.
- Foodservice will continue to blur with other channels, creating potential opportunities. Suppliers should continue to expand their overall definition of foodservice and evaluate “omnichannel” opportunities.

SUGGESTED ACTIONS

- Pitch senior executives on the continued longer-term attractiveness of the foodservice channel. Commitment to the channel through increased customer and product investment should be considered.
- Look to engage potential customers not previously on the radar. This may include retailers, forecourt convenience, institutional operators, etc.





Section Three

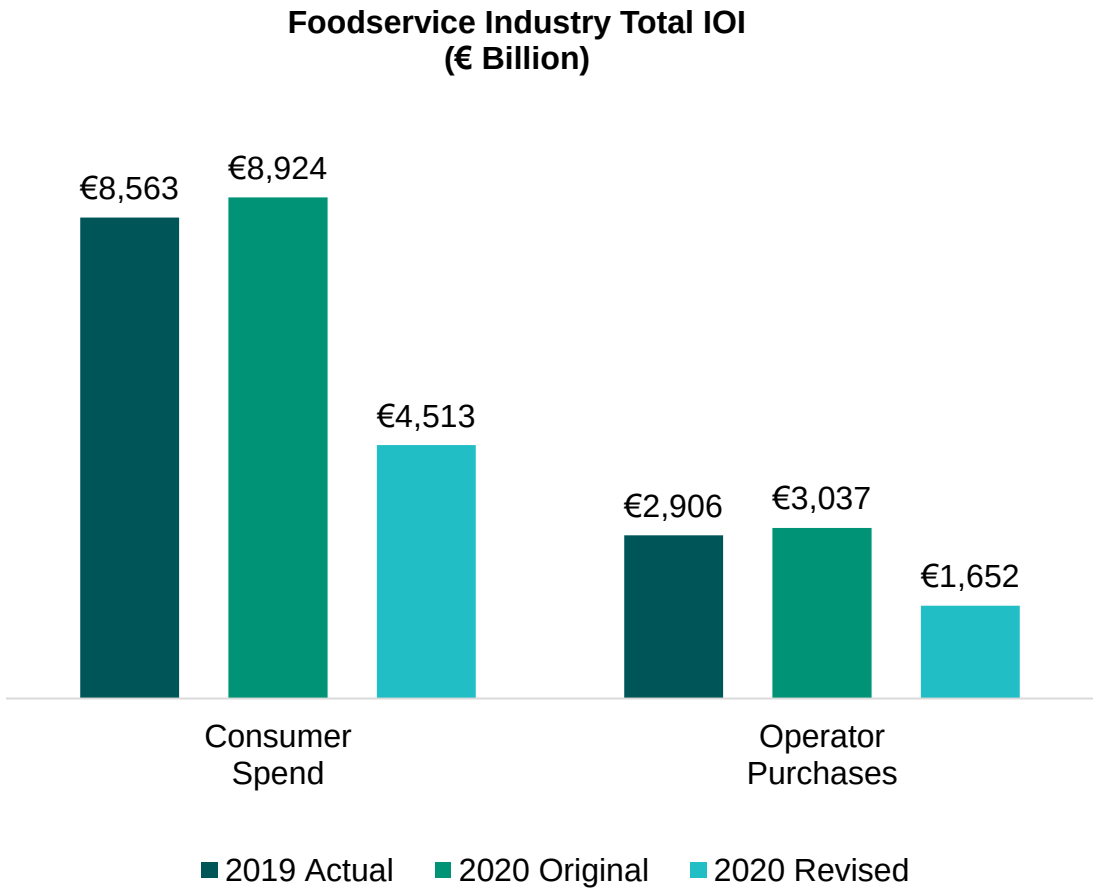
Size and Segmentation of the Irish Foodservice Industry

BORD BIA
IRISH FOOD BOARD

Total IOI Foodservice Industry

Consumer and Operator Spend in 2020

- The value of the Irish foodservice industry for 2020 is estimated to be €4.51 billion in terms of consumer expenditure and €1.65 billion in terms of operator purchases. This includes both the value of the Republic of Ireland and the converted value (from Sterling to Euro) of the Northern Ireland foodservice market.
- Note that when this report defines “consumer spending,” this refers to actual consumer spending by diners within all foodservice channels.
- In noncommercial channels such as education or healthcare, a retail sales equivalent value is calculated so that these channels can be directly compared to commercial restaurant sales.
- Operator purchases represent the value of distributors’ sales to operators, including distributors’ margins. These purchase values are derived at the channel level by using food cost ratios, which vary by foodservice channel.
- On an overall basis, operator purchases represent 34% of the value of all consumer expenditures in the IOI foodservice industry.



Source: Bord Bia, Technomic

Commercial and Institutional Channels

Total Island of Ireland

The foodservice channel has seen dramatic declines as a result of the COVID-19 pandemic. Overall industry turnover for both the Republic of Ireland and Northern Ireland will decline by 47% YOY compared to 2019 levels.

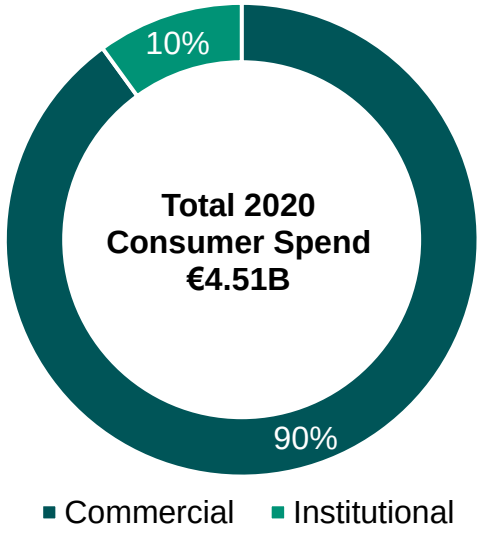
Total spend in IOI is forecasted to be €4.51 billion, down from €8.56 billion in 2019. This is a loss of nearly €4 billion in industry revenues.

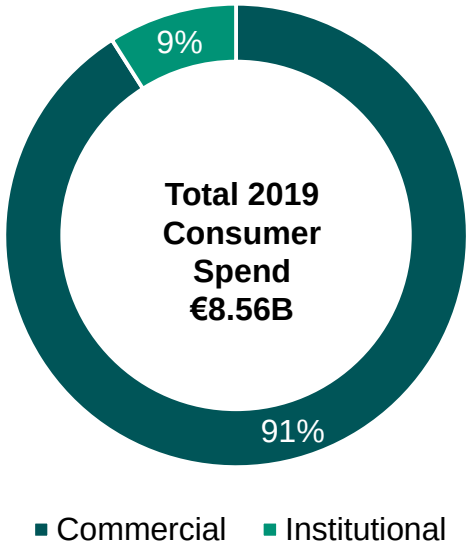
Operators spent €1.65 billion on food and beverage to generate those revenue figures. This is a decline from €2.91 billion in 2019

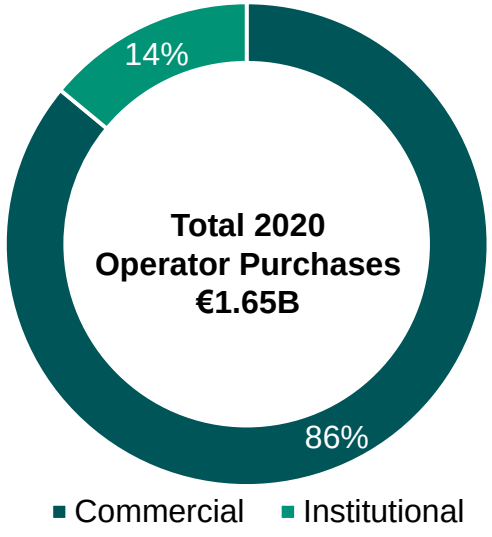
Commercial channels include quick-service restaurants, full-service restaurants, pubs, coffee shops/cafes, hotels and other commercial foodservice establishments, such as cinemas, theme parks, tourist attractions, sport venues and clubs, spas, events catering, recreational activities and cruises. Overall commercial sales will decline at rates faster than the institutional side.

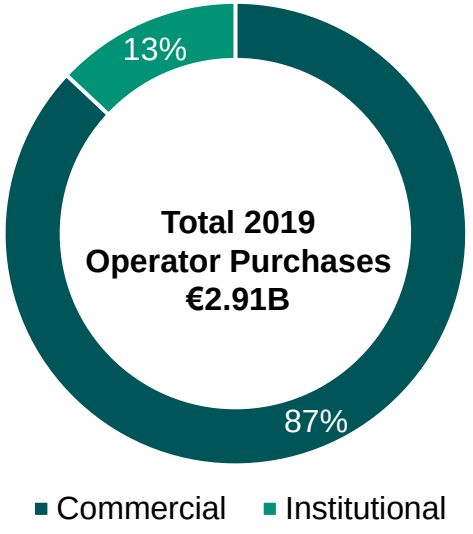
Institutional channels include business and industry locations, healthcare facilities, educational institutions and other institutional foodservice establishments, including government organisations, prisons and armed forces. Other than B&I, the institutional sectors will see relatively milder declines for 2020

In 2020, commercial channels accounted for 90% of the value of total consumer spending and 86% of the total value operator purchases.









Source: Bord Bia, Technomic

Commercial Channels 2020 vs. 2019

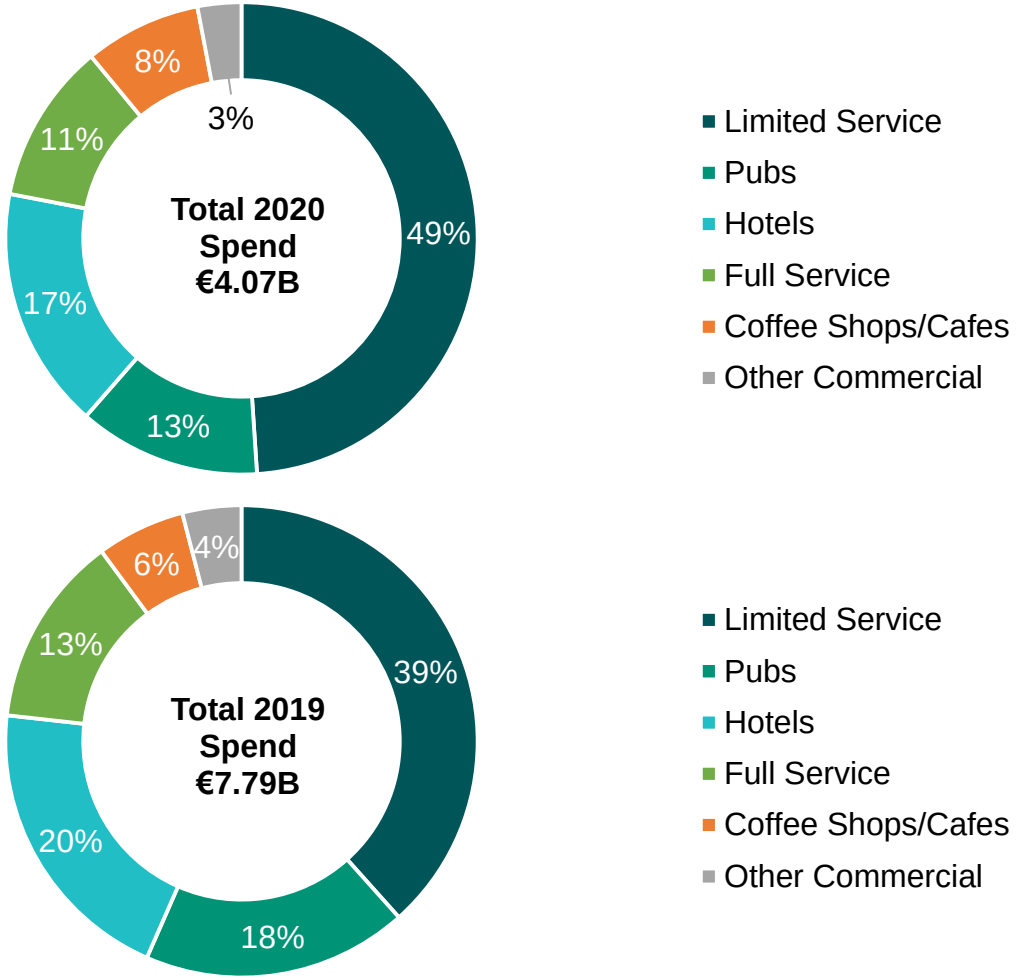
Total Island of Ireland

As noted on the previous page, commercial channels within IOI represent the vast majority of the value spend within the Irish foodservice channel, even as the pandemic wrecks havoc across the entire industry.

In 2019 this figure was €7.79 billion in consumer spending for the entire island of Ireland; in 2020 this figure dropped to €4.07 billion (a drop of 48%).

Examining the commercial channel in greater detail, a significant change in the share of certain sectors has occurred. Limited-service operations, including traditional QSR, food to go and even fast casual, have held up better than other parts of commercial business and have grown from 39% to 49% of commercial foodservice.

Pubs and hotels are respectively the next largest sectors, but have each lost share to QSR.



Source: Bord Bia, Technomic

Route to Market 2020

As noted, operator purchases declined at a slightly lower rate than industry turnover and declined 43% in 2020.These purchases also reflect the size of the total opportunity for route-to-market players in Ireland.

The most prevalent route to market in Irish foodservice continues to be wholesale delivery, which accounted for 66% of operator purchases in 2020. However, this part of the industry declined by approximately 45%, or just slightly higher than the total decline reported. This is driven not only by some consolidation among operators in terms of their purchase habits, but also fewer of the “white van men” that had proliferated when industry growth is strong, but which have declined in the current environment.

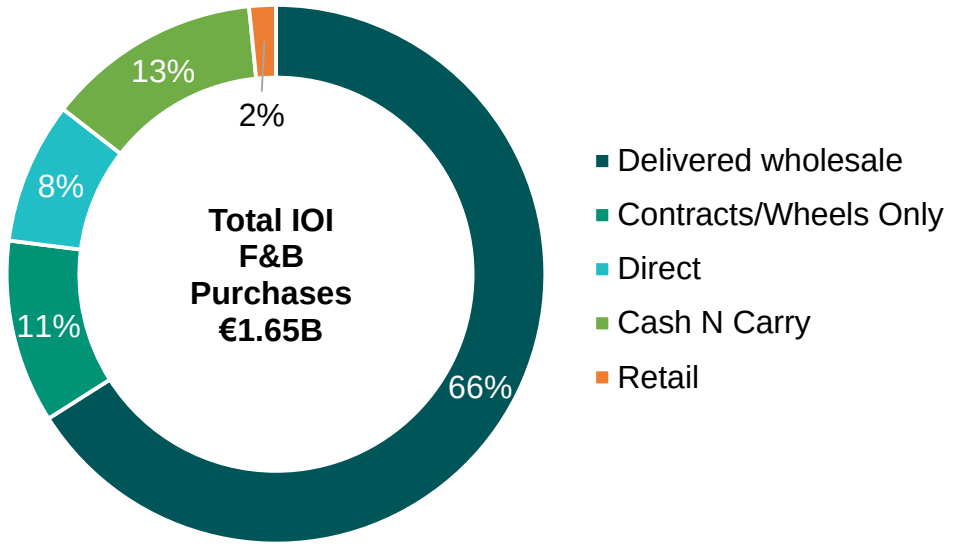
The Cash & Carry segment represents approximately 13% of the total value of purchases delivered. This area of the business was somewhat less impacted and is down approximately 22% YOY against 2019 levels.

The contract “wheels only” channel declined by nearly 50%; this tends to driven by larger commercial operators or contract caterers, all of whom have been challenged in this environment.

Wholesale distribution remains a very competitive segment of the market, with ROI-based distributors operating in the North and vice-versa. Further consolidation over the past several years has made the market more competitive with fewer, larger players.

With the future of foodservice uncertain, those with retail divisions have been best able to withstand the downturn and emerge in a relatively stable position.

Initiatives by wholesalers have included range and supplier consolidation and work to leverage and gain in areas of strength (i.e. beverage, own brand, etc.).

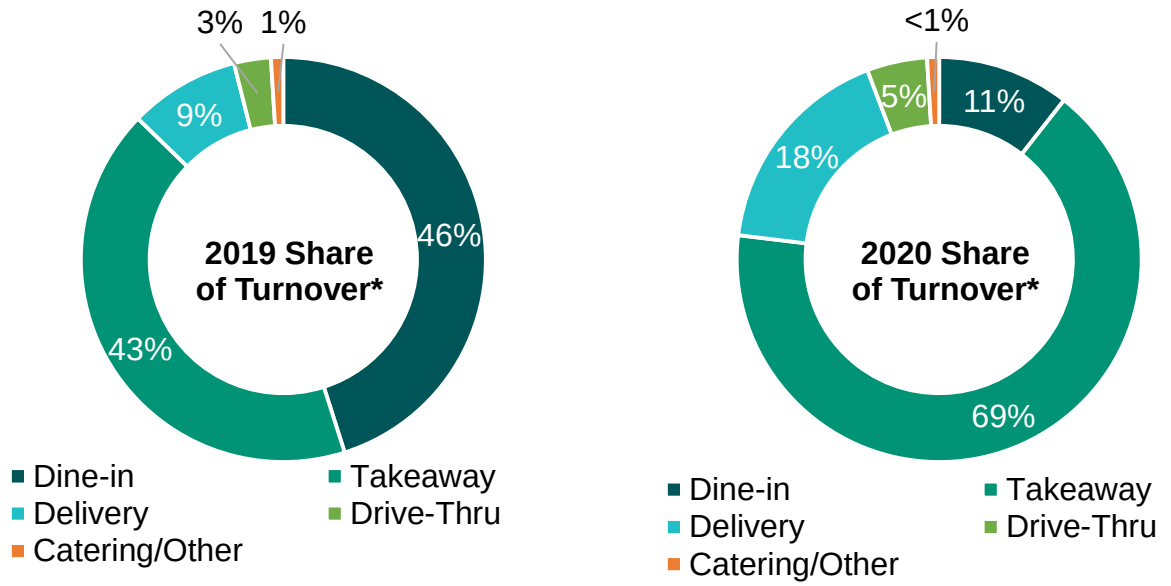


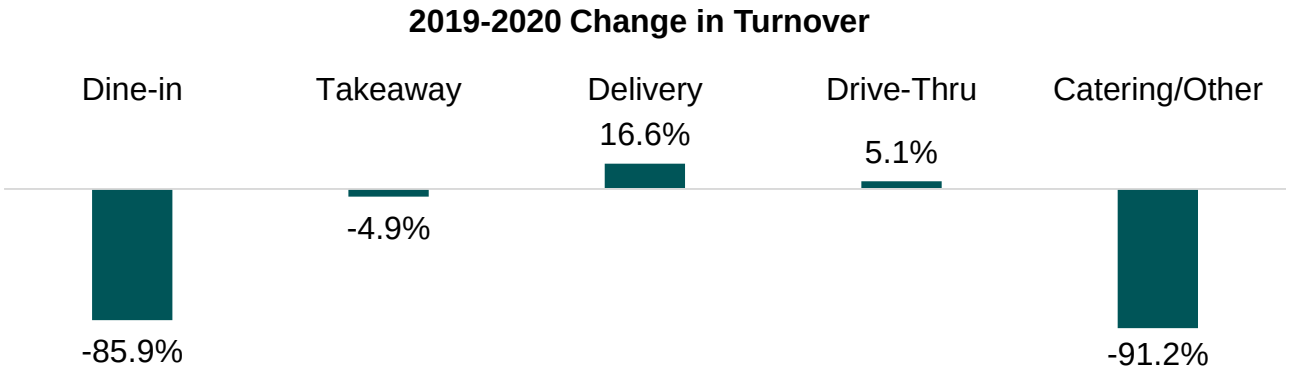
2020 Irish Foodservice Route To Market	2019-20 CAGR
Delivered wholesale	-45%
Direct	-49%
Cash N Carry	-22%
Contracts/Wheels Only	-48%
Retail	-12%
Total	**-43%**

The Growing Role of Off-Premise

"Off-premise" is defined as any meal/occasion that is consumed outside of the dining room. In general, it consists of takeaway (including click-and-collect), delivery (both aggregators and self-delivery), drive-thrus and catered events (i.e., restaurants bringing meals to corporate events, etc.)

Overall, among the restaurant segments where these initiatives are most prominent, the off-premise business went from 54% of total relevant segment turnover to just under 90% as dining rooms were shuttered across sectors and throughout Ireland.





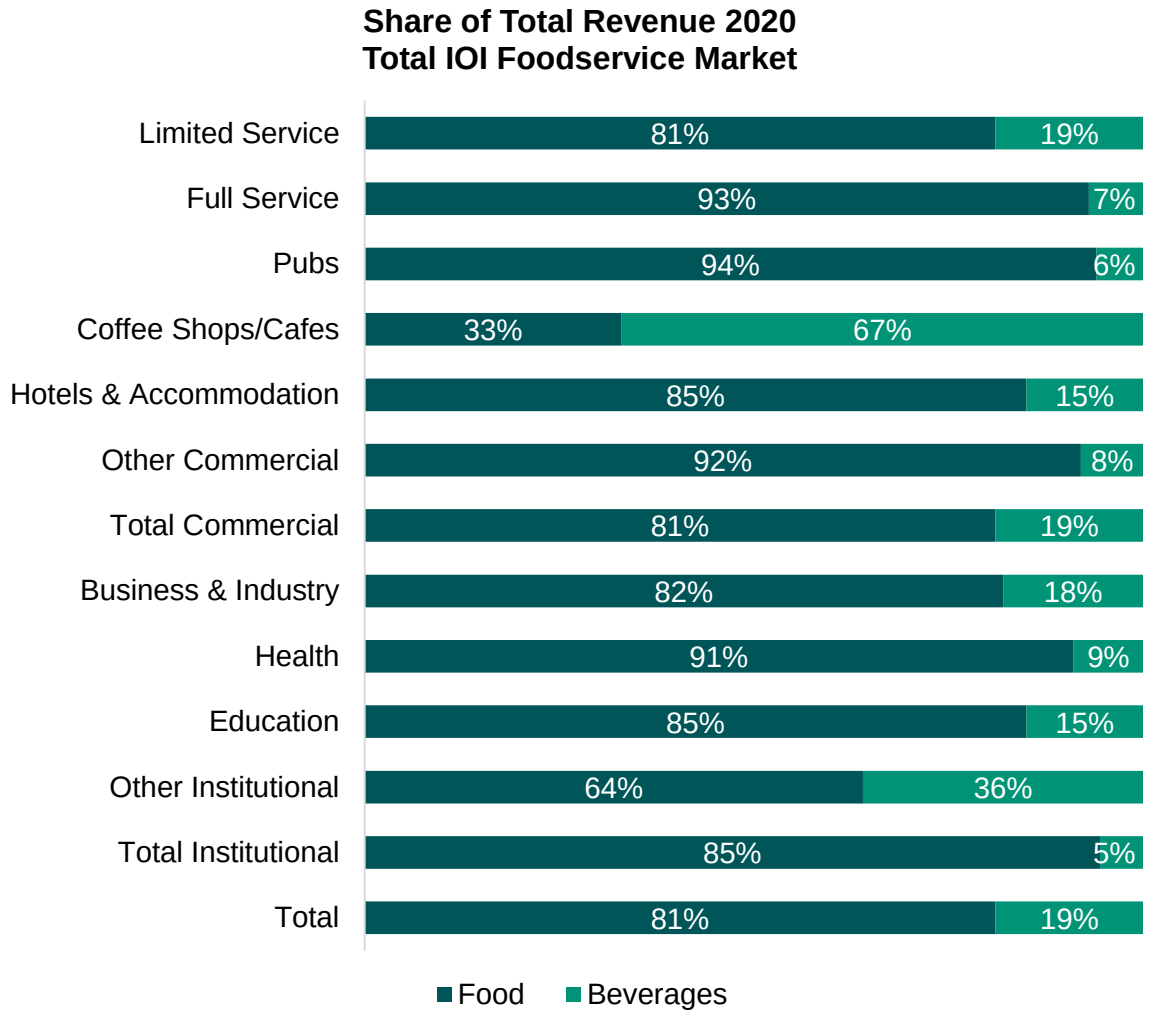
*NOTE: Figures may not total 100% due to rounding.
Source: Bord Bia, Technomic

Food and Beverage Split Revenue

There has been a shift for many operators in the split between food and beverage. Certain segments, particularly those that were dependent on takeaway or delivery, saw a shift away from beverage sales in 2020. As a result, while both figures have declined, the share of turnover that is generated by beverage has declined by 3 percentage points. Note that these figures have been developed to include only nonalcohol beverage.

This has significant impact on margin for foodservice operators as well. A shift in their business has meant higher cost of goods for the overall business—with waste, additional spending on packaging and PPE also factored in—which has eaten into profitability even as revenues have been on the decline.

As in the past, the share of beverage revenue is higher in the commercial channel, where coffee cafes and limited service (which includes takeaway and food to go) drive that percentage higher. However, commercial operators saw a bigger decline in beverage as a share of total turnover as the takeaway/delivery business became a larger part of most operators' business.



Note: Excludes alcohol.
Source: Bord Bia, Technomic

Irish Foodservice Market Snapshot 2020

Total Island of Ireland (IOI)

2020 Total Irish Foodservice Market	2020 Consumer Spending (€M)	2019 Consumer Spending (€M)	2020 Operator Purchases (€M)	2019 Operator Purchases (€M)	2019-20 CAGR (in €)
Limited Service (QSR, fast casual, food to go)	€ 2,005	€ 2,998	€ 722	€ 1,003	-33.1%
Full Service	€ 458	€ 1,040	€ 165	€ 343	-55.9%
Pubs	€ 510	€ 1,416	€ 162	€ 411	-64.0%
Coffee Shops/Cafes	€ 323	€ 483	€ 92	€ 140	-33.2%
Hotels & Accommodations	€ 675	€ 1,532	€ 242	€ 521	-56.0%
Other Commercial	€ 101	€ 330	€ 39	€ 116	-69.3%
Total Commercial	**€ 4,072**	**€ 7,799**	**€ 1,422**	**€ 2,533**	**-47.8%**
Business & Industry	€ 118	€ 327	€ 62	€ 159	-63.8%
Healthcare	€ 218	€ 242	€ 119	€ 126	-9.8%
Education	€ 64	€ 152	€ 31	€ 67	-57.8%
Other Institutional	€ 41	€ 42	€ 18	€ 21	-4.1%
Total Institutional	**€ 441**	**€ 764**	**€ 230**	**€ 373**	**-42.2%**
Total IOI	**€ 4,513**	**€ 8,563**	**€ 1,652**	**€ 2,906**	**-47.3%**
Loss from 2019 to 2020 (€m)		**€ 4,050**		**€ 1,254**	

Source: Bord Bia, Technomic

Irish Foodservice Market Snapshot 2020

Republic of Ireland

2020 ROI Foodservice Market	2020 Consumer Spending (€M)	2019 Consumer Spending (€M)	2020 Operator Purchases (€M)	2019 Operator Purchases (€M)	2019-20 CAGR (in €)
Limited Service (QSR, fast casual, food to go)	€ 1,520	€ 2,266	€ 547	€ 759	-32.9%
Full Service	€ 313	€ 727	€ 113	€ 240	-56.9%
Pubs	€ 359	€ 1,039	€ 114	€ 301	-65.5%
Coffee Shops/Cafes	€ 239	€ 362	€ 68	€ 105	-33.9%
Hotels & Accommodations	€ 511	€ 1,157	€ 183	€ 394	-55.9%
Other Commercial	€ 79	€ 258	€ 30	€ 90	-69.4%
Total Commercial	**€ 3,021**	**€ 5,809**	**€ 1,056**	**€ 1,889**	**-48.0%**
Business & Industry	€ 86	€ 237	€ 45	€ 115	-63.5%
Healthcare	€ 136	€ 151	€ 74	€ 78	-9.9%
Education	€ 41	€ 95	€ 20	€ 42	-57.2%
Other Institutional	€ 32	€ 33	€ 14	€ 17	-4.3%
Total Institutional	**€ 294**	**€ 515**	**€ 153**	**€ 251**	**-42.9%**
Total Republic of Ireland	**€ 3,316**	**€ 6,325**	**€ 1,209**	**€ 2,140**	**-47.6%**
Loss from 2019 to 2020 (€m)		**€ 3,009**		**€ 931**	

Source: Bord Bia, Technomic

Irish Foodservice Market Snapshot 2020

Northern Ireland

2020 NI Foodservice Market	2020 Consumer Spending (£M)	2020 Consumer Spending (€M)	2019 Consumer Spending (€M)	2020 Operator Purchases (€M)	2019 Operator Purchases (€M)	2019-20 CAGR (In Sterling)
Limited Service (QSR, fast casual, food to go)	£427	€ 485	€ 732	€ 175	€ 244	-33.8%
Full Service	£128	€ 145	€ 313	€ 52	€ 103	-53.6%
Pubs	£134	€ 152	€ 378	€ 48	€ 109	-59.8%
Coffee Shops/Cafes	£73	€ 83	€ 121	€ 24	€ 35	-31.1%
Hotels & Accommodations	£144	€ 164	€ 375	€ 59	€ 127	-56.3%
Other Commercial	£20	€ 22	€ 72	€ 8	€ 25	-69.0%
Total Commercial	**£926**	**€ 1,051**	**€ 1,990**	**€ 366**	**€ 644**	**-47.2%**
Business & Industry	£28	€ 32	€ 91	€ 17	€ 44	-64.7%
Healthcare	£73	€ 82	€ 91	€ 45	€ 47	-9.5%
Education	£21	€ 23	€ 57	€ 11	€ 25	-58.8%
Other Institutional	£8	€ 9	€ 9	€ 4	€ 5	-3.5%
Total Institutional	**£130**	**€ 147**	**€ 248**	**€ 77**	**€ 121**	**-40.8%**
Total Northern Ireland	**£1,056**	**€ 1,198**	**€ 2,238**	**€ 444**	**€ 766**	**-46.5%**
Loss from 2019 to 2020 (€m)		**€ 1,041**			**€ 322**	

Source: Bord Bia, Technomic

Scenario Analysis for 2021

As noted earlier in the summary, developing an outlook for 2021 and beyond presents many challenges that are driven by the uncertainty around the virus and the resulting knock on effect for economic activity. Given this challenge, the analysis for 2021 has been conducted through the lens of different scenarios; for this report, there was a best, worst and middle case scenario developed for each sector and the industry as a whole. There were also slightly differently assumptions for ROI and Northern Ireland, although the general direction was similar for both parts of the Island of Ireland.

The assumptions used to generate these scenarios are shown in this summary table. Assumptions were built around medical advances, the potential resurgence of the virus and the impact on travel/tourism and on the broader economy.

Note that in all instances (including worst case analysis), 2021 figures indicate industry growth.

2021 Scenario Factor	Best Case	Worst Case
COVID-19 medical advances	• In early 2021, vaccine developed, available and administered and/or effective therapies developed to significantly reduce COVID-19 symptoms and effects	• Medical advances not available to general public until late 2021 or after
Virus resurgence	• Rendered a minor issue once medical advances are made	• Ongoing widespread and multiregional lockdown orders or dine-in reclosures
Travel & tourism	• With concern about infection receding, tourism sees a lift from Q2 2021 onwards, with U.S., U.K. and other visitors starting to return • Some restart of sporting events and other large gatherings	• Continued concerns about the virus indicate that international tourism will likely stay at levels well below 2019 levels • Irish “staycations” may be less robust than in 2020 as economic challenges mount • Continued low/no events occurring in most parts of Ireland
Economy	• Strong year-over-year economic growth returns • Dublin and other urban areas regain some economic vitality as workers return in Q2 2021 and travel begins a return to normalcy • Unemployment abates	• Weak economic growth, with continued high unemployment • Recession through most/all of 2021 • Continued focus by white-collar employers on work from home schemes; return to office postponed through at least first half of the year • Lackluster footfall in city centres

Growth Outlook for 2021

Based On Scenario Analyses

2021 Growth Scenarios	2020 Growth	2021 Middle Case	2021 Best Case	2021 Worst Case
Limited Service	**-33%**	**19%**	**27%**	**10%**
Quick Service	-34%	18%	27%	10%
Fast Casual	-48%	20%	29%	10%
Food to Go	-25%	19%	27%	11%
Full Service	**-56%**	**19%**	**32%**	**6%**
Pubs	**-64%**	**43%**	**69%**	**17%**
Hotels & Accommodations	**-56%**	**49%**	**65%**	**34%**
Coffee Shops/Cafes	**-33%**	**35%**	**43%**	**27%**
Other Commercial	**-69%**	**81%**	**108%**	**54%**
Institutional	**-42%**	**20%**	**34%**	**6%**
Business & Industry	**-64%**	**48%**	**79%**	**17%**
Education	**-58%**	**45%**	**75%**	**15%**
Healthcare	**-10%**	**1%**	**3%**	**-2%**
All Other	**-4%**	**1%**	**3%**	**-1%**
Total Foodservice	**-47%**	**29%**	**41%**	**16%**
Change in Spending	**-€4,049**	**+€1,296m**	**+€1,873m**	**+€719m**

Source: Bord Bia, Technomic

2021 Possible Outcomes

As a result of the ongoing continued disruption, the 2021 possible outcomes have a wide range of variability. With both ROI and NI declining nearly 50% in 2020, the pace of recovery will be dependent on the level of restrictions that may be in place as both governments continue to find mitigation strategies and/or are able to offer vaccines or immunity.

While the worst case is still a double-digit gain, each scenario shows an industry turnover figure in both parts of Ireland that are significantly lower than 2019 levels.

Possible Outcomes for Foodservice in 2021

Republic of Ireland

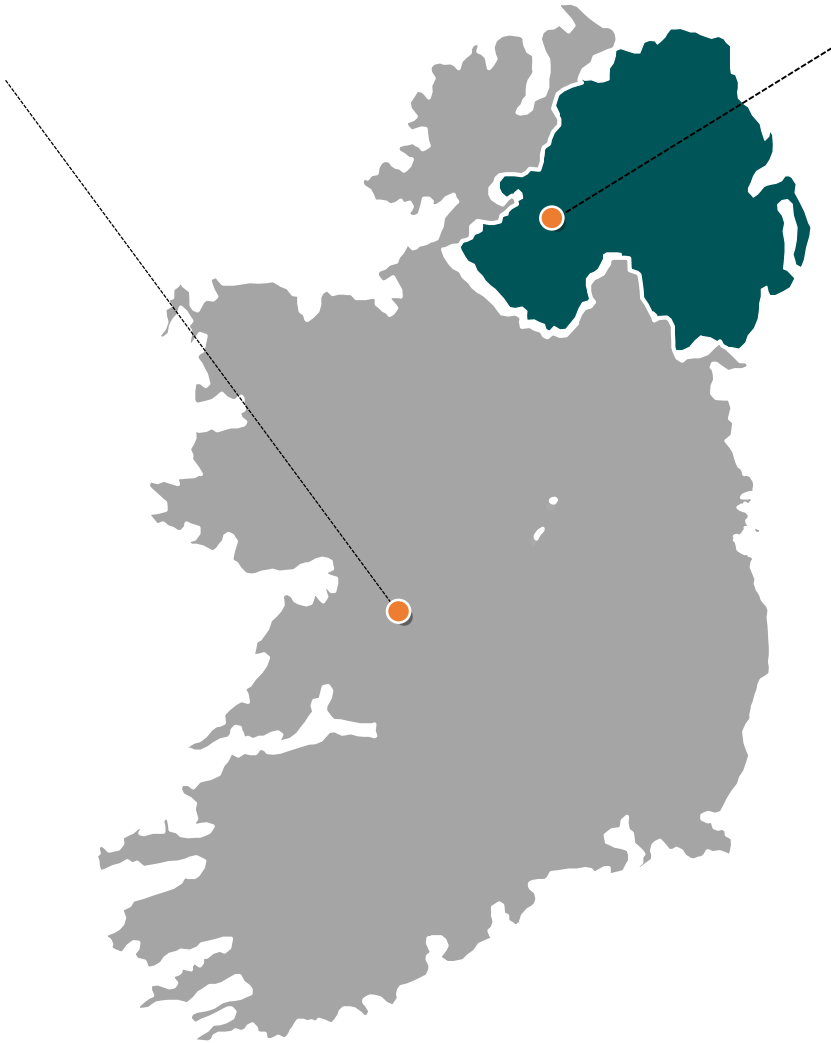
2019 Turnover
€6.3B

2020 Decline
€6.3B (-48%)

2021 Best Case
€4.7B (+42%)

2021 Middle Case
€4.3B (+29%)

2021 Worst Case
€3.9B (+17%)



Northern Ireland

2019 Turnover
€2.2B

2020 Decline
€1.2B (-46%)

2021 Best Case
€1.7B (+39%)

2021 Middle Case
€1.5B (+27%)

2021 Worst Case
€1.4B (+14%)

Source: Bord Bia, Technomic

Quarterly Change in Business, 2020 and 2021

Comparing year-over-year quarterly data, unless some unforeseen set of circumstances arise, the second quarter of 2020 will remain the worst quarter over the 2020-2021 time period. From this time, all of the major segments have started an upward trajectory that should extend into 2021.

Year-over-year growth will return in the second quarter of 2021. In the third and fourth quarters of 2021, strong growth will continue but not to the high level seen in the second quarter, due to slightly more established comparables.

Note that there was a “bump” in the third quarter of 2020 as areas outside Dublin saw some better trading conditions with domestic travelers and “staycations.” This third quarter bump leads to a lower growth rate in the third quarter of 2021 based on comparisons.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Limited Service	-8%	-60%	-22%	-39%	-18%	88%	8%	36%
Full Service	-14%	-83%	-51%	-76%	-50%	179%	18%	159%
Pubs	-17%	-89%	-60%	-88%	-63%	391%	54%	410%
Coffee Shops/ Cafes	-12%	-64%	-24%	-32%	1%	158%	21%	29%
Hotel & Accommodations	-12%	-88%	-46%	-76%	-57%	425%	48%	235%
Institutional	-7%	-59%	-50%	-54%	-36%	59%	53%	68%
Total Foodservice	-11%	-74%	-41%	-61%	-38%	150%	29%	93%

All change is nominal.
Source: Bord Bia, Technomic

Section Four

Channel Analysis

BORD BIA
IRISH FOOD BOARD



Limited-Service Restaurants

The limited-service restaurant segment incorporates a number of subsegments, including traditional **quick-service restaurants** (QSR), **fast-casual restaurants** and **food to go** (which encompasses convenience-driven items for takeaway in forecourt/convenience operators and other grab-and-go products found in retail operations).

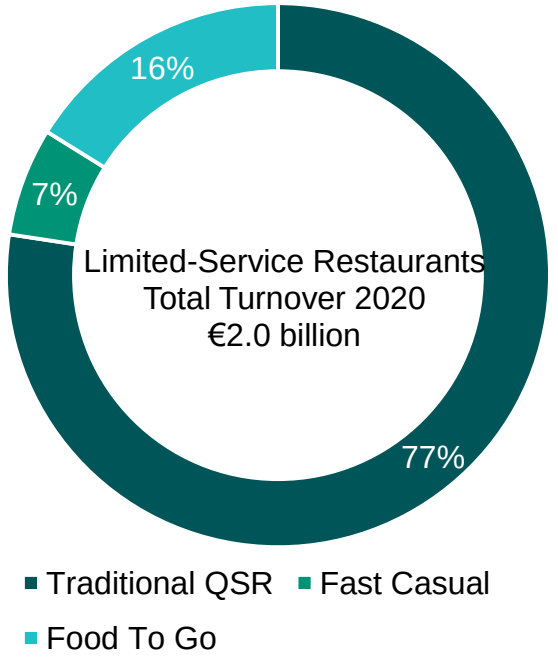
The total limited-service segment in 2020 is valued at **€2 billion** in consumer spending. This includes both spending in ROI and NI.

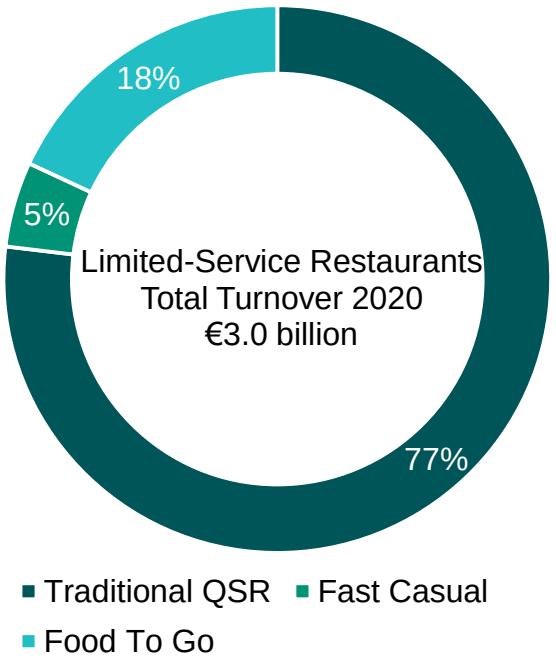
The value of this segment dropped by nearly €1 billion in 2020, or 33%.

Traditional quick-service restaurants (QSRs) account for 77% of total consumer spending; this has remained relatively constant. However, the food-to-go sector, which in 2019 made up 16% of limited service, accounts for 18% in 2020. Fast casual fell from 7% to 5% of the total LSR segment.

The following pages show more detail on trends within each of the subsegments of limited service, as well as the differences in revenue and purchases between the Republic of Ireland and Northern Ireland.

2019/20 Change: -33%
Revenue Change: -€993 million





Source: Bord Bia, Technomic

2020 Review of Quick-Service Restaurants (QSRs)

Segment Definition

- Traditional quick=service restaurants (QSRs) are limited service in nature and are primarily characterised by offering counter service and/or drive-thrus.
- These figures include both chain operators and independent operators (including chippers and other small fast-food operations).

Key Trends

- This segment has held up better than most during the pandemic and lockdowns. While many operators were shut down in March and April, the off-premise orientation of QSR outlets has led to declines less severe than in other parts of the industry.
- Some parts QSR, particularly those with a strong pre-pandemic focus on takeaway, have actually seen a growth in sales during the pandemic.
- Operators note that delivery and takeaway will continue to be key elements of their strategy even when dine-in service returns. Continued investment in technology to allow online orders has been prevalent as part of this strategy.

Republic of Ireland

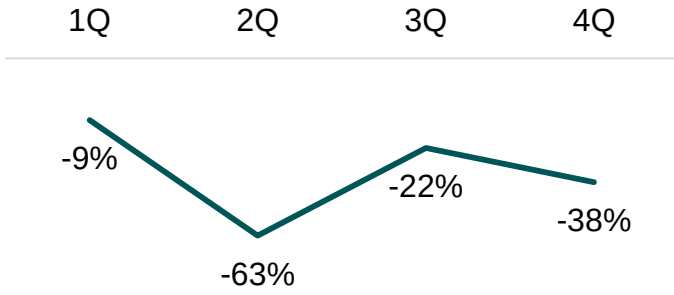
- €1.14B in turnover
- €411M in food and beverage purchases
- Decline of 34% in 2020
- Growth somewhere between 10% to 28% expected for 2021



Northern Ireland

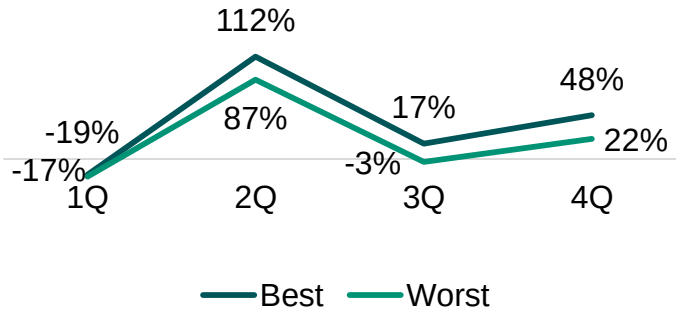
- €403M in turnover
- €145M in food and beverage purchases
- Decline of 34% in 2020.
- Growth somewhere between 10% to 24% expected for 2021.

2020 (as of November 2020)
Total IOI Growth



2019/20 Growth: -34%

2021
Total IOI Forecast



2021 Growth (Best): +27%
2021 Growth (Worst): +10%

Source: Bord Bia, Technomic

2020 Review of Fast-Casual Restaurant (FCRs)

Segment Definition

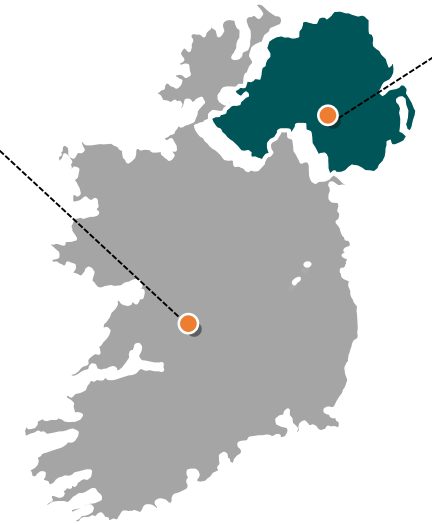
- FCRs are also limited service, but are generally more upscale, investing more in the design and ambiance of the operation.
- Food quality is generally perceived to be higher, and the price points tend to be €8 or higher per person. Similar to traditional QSRs, fast-casual restaurants are often systemised with limited, focused menus.

Key Trends

- Fast casual has performed the worst of any limited-service sector during the pandemic.
- The traditional dine-in business has been stronger than in QSR, and while takeaway had been done by many, a lack of footfall in many areas further hurt fast casual.
- Generally, fast casual has tended to be situated in more high-street locations, which have been negatively impacted by the lockdowns and the lack of tourists and workers in urban centres.
- As with QSR, a continued emphasis on takeaway and further development of delivery capabilities and partnerships has been critical to maintaining overall business.
- Operators report paring back the menu in this sector to focus on the higher-margin, higher-revenue items and to reduce overall cost of goods.

Republic of Ireland

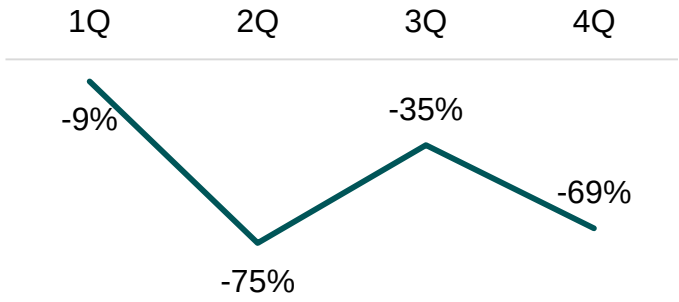
- €75M in turnover
- €28M in food and beverage purchases
- Decline of 48% in 2020
- Growth somewhere between 11% to 31% expected for 2021



Northern Ireland

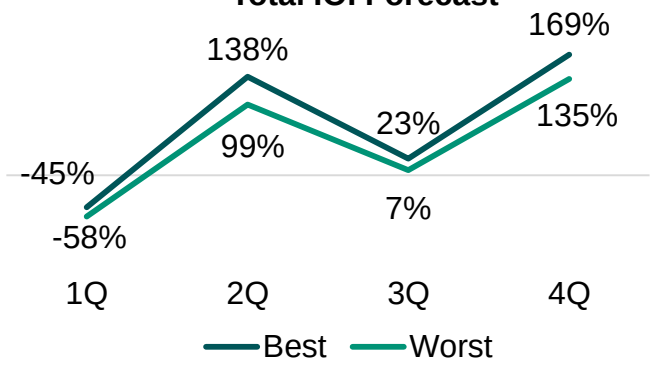
- €26M in turnover
- €10M in food and beverage purchases
- Decline of 46% in 2020
- Growth somewhere between 6% to 25% expected for 2021

2020 (as of November 2020) Total IOI Growth



2019/20 Growth: -48%

2021 Total IOI Forecast



2021 Growth (Best): +29%
2021 Growth (Worst): +10%

Source: Bord Bia, Technomic

2020 Review of Food To Go (FTG)

Segment Definition

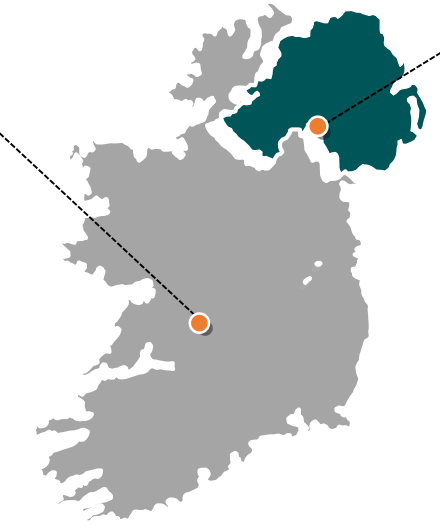
This segment includes convenience stores, supermarkets and petrol stations with forecourt convenience stores.

Key Trends

- While this sector has been hurt by the lack of travel and footfall in urban centres, it has held up better than other limited-service areas. Many essential workers have utilized FTG areas for their meals, and often convenience and forecourt stores have remained open even as other parts of the foodservice industry were closed.
- The focus over the past several years has been on freshly prepared foods; with the pandemic, the emphasis has moved back to packaged goods, including bakery, pastry and other grab-and-go items.
- Coffee programmes have held up better than many operators expected when the pandemic started.
- Motorways and areas outside of Dublin have performed better; summer months were strong for many players outside of Dublin.
- Most locations have managed to stay open during the pandemic.

Republic of Ireland

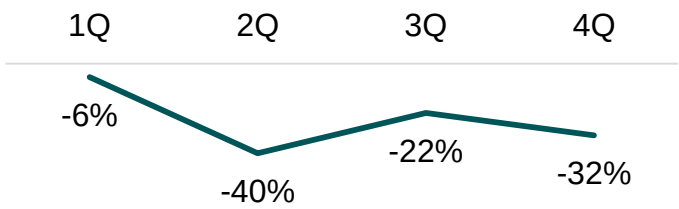
- €306M in turnover
- €108M in food and beverage purchases
- Decline of 25% in 2020
- Growth somewhere between 10% to 27% expected for 2021



Northern Ireland

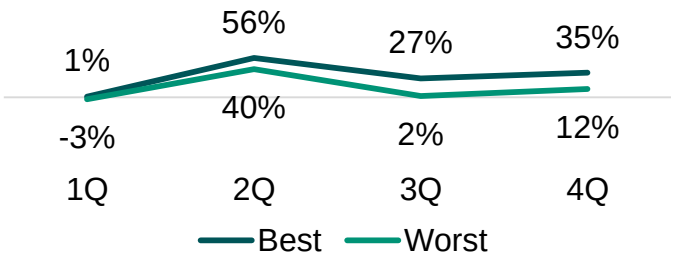
- €56M in turnover
- €20M in food and beverage purchases
- Decline of 25% in 2020
- Growth somewhere between 12% to 29% expected for 2021

2020 (as of November 2020)
Total IOI Growth



2019/20 Growth: -25%

2021
Total IOI Forecast



2021 Growth (Best): +27%
2021 Growth (Worst): +11%

Source: Bord Bia, Technomic

2020 Review of Full-Service Restaurants (FSRs)

Segment Definition

- Full-service restaurants generally focus on serving lunch or dinner. Subchannels include both casual dining and white-tablecloth restaurants.
- Menus offer a complete range of items often using fresh ingredients—starters, soups, main courses and desserts. Meals are often accompanied by a wine or beverage list.

Key Trends

- FSRs have borne much of the burden of the lockdown on hospitality. A near total lockdown early on, capacity constraints and limited outdoor dining have continued to challenge restaurants' sales.
- Tourist areas generally reported "good" sales during the summer; Dublin restaurants did not, with many reporting sales declines of 75-90% during this period.
- The autumn move to Level 3 and subsequent Level 5 throughout the country makes the situation more dire heading into the winter.
- Many smaller restaurants that do not own their premise are vulnerable to close as winter sets in.
- For those that had established some delivery or takeaway capabilities, they were able to cope better. Operators that tried to pivot quickly into off-premise were challenged to build a to-go program on the fly.
- In Northern Ireland, the Eat Out to Help Out Scheme coupled with a drop in the VAT rate reportedly delivered a positive increase in customer numbers.

Republic of Ireland

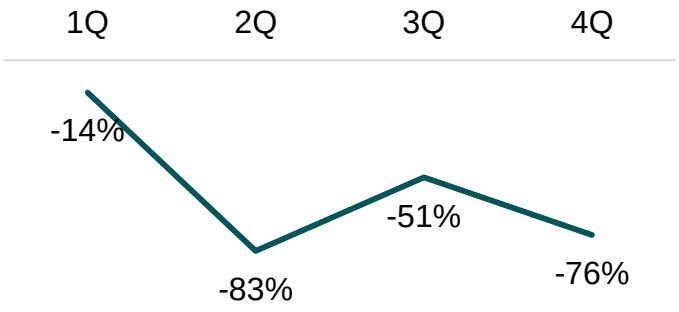
- €313M in turnover
- €113M in food and beverage purchases
- Decline of 57% in 2020
- Growth somewhere between 6% to 34% expected for 2021
- Best case for 2021 is €316M below 2019 revenue levels



Northern Ireland

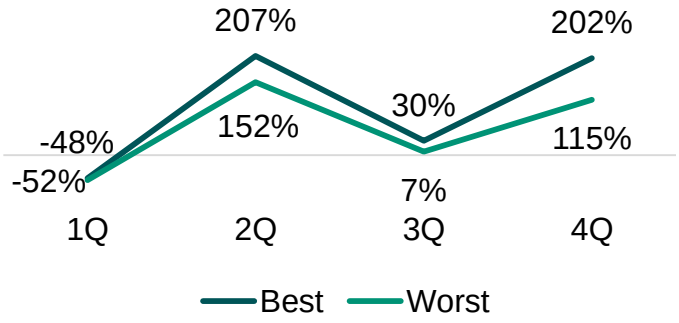
- €145M in turnover
- €52M in food and beverage purchases
- Decline of 54% in 2020
- Growth somewhere between 5% to 33% expected for 2021
- Best case for 2021 is €120M below 2019 revenue levels

2020 (as of November 2020)
Total IOI Growth



2019/20 Growth: -56%

2021
Total IOI Forecast



2021 Growth (Best): +32%
2021 Growth (Worst): +6%

Source: Bord Bia, Technomic

2020 Review of Pubs

Segment Definition

- Licensed pubs includes drinking establishments that are outlets built specifically for (and largely dependent on) the sale of alcohol for on premise consumption.
- Pubs are characterised by a bar service and are often seen as social meeting places, rather than a place of pure consumption.

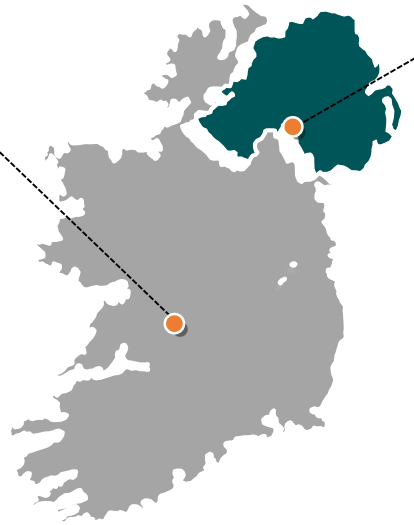
Note that these figures are for food and nonalcohol beverages only.

Key Trends

- Drinks-forward pubs (i.e., wet pubs) have been closed since 15 March 2020, in Dublin; elsewhere they were opened for a short time in September but are expected to be closed for most of the rest of 2020.
- Food-forward pubs were able to open at the end of June and were open for dine-in service through the early autumn. These had essentially traded as sit-down restaurants with capacity and service constraints.
- Technology has played a role with pubs that were able to open, with QR codes and some adaption of delivery apps to help drive sales.
- A number of food pubs had experimented with food delivery, but once dine-in service was open in the summer, most focused on the on-premise business. With Q4 lockdowns, there may be some move back to delivery, but this puts pubs in direct competition with restaurants in a more saturated delivery-only business model.
- Drinks-to-go programs had been successful for some, particularly in suburban areas.

Republic of Ireland

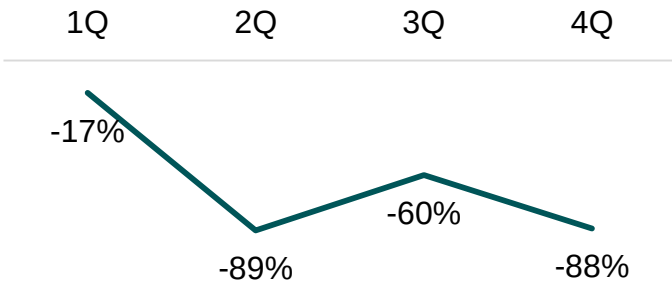
- €359M in turnover
- €114M in food and beverage purchases
- Decline of 65% in 2020
- Growth somewhere between 18% to 73% expected for 2021
- Best case for 2021 is €420M below 2019 revenue levels



Northern Ireland

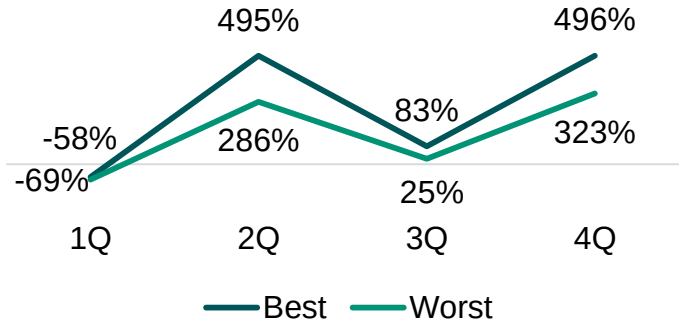
- €152M in turnover
- €48M in food and beverage purchases
- Decline of 60% in 2020
- Growth somewhere between 14% to 61% expected for 2021
- Best case for 2021 is €134M below 2019 levels.

2020 (as of November 2020)
Total IOI Growth



2019/20 Growth: -64%

2021
Total IOI Forecast



2021 Growth (Best): +69%
2021 Growth (Worst): +17%

Source: Bord Bia, Technomic

2020 Review of Hotels & Accommodations

Segment Definition

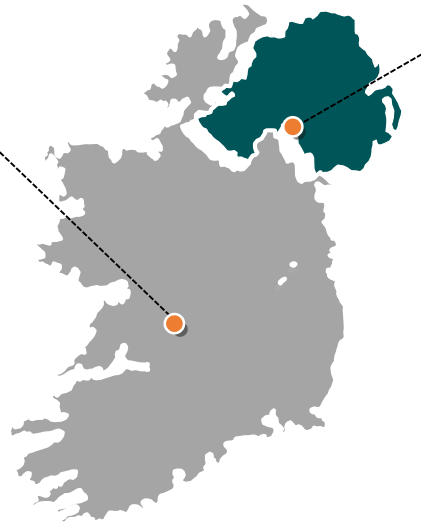
- Food and beverage programmes in the hotels and accommodations channel are heavily focused on the hotel part of the channel, which accounts for 95% share.
- Other accommodation forms such as guest houses are included, but only where they are large enough (10 rooms or more) and these are few in number. This excludes B&Bs as well.

Key Trends

- Most commercial activity stopped for hotels from April to June, with exceptions of accommodating essential workers. Occupancy began to rise again in July-September, particularly in areas outside Dublin as the domestic tourism market took off.
- Most major events were canceled or severely curtailed in 2020. Business meetings were rare, and weddings and other personal events, if held, were at 25-50 people max depending on location.
- However, hotels are still able to feed resident guests, and summer months were generally strong for hotels outside Dublin.
- Buffets were adjusted to include less self-service and more table service, and queues were established with social distancing in mind.
- Room service and other click-and-collect options have become more popular for guests as well.
- Spend per head on food and beverage is actually up, as local competition normally available may not be open.

Republic of Ireland

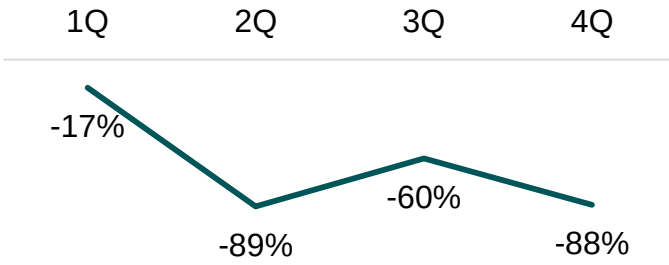
- €511M in turnover
- €183M in food and beverage purchases
- Decline of 55% in 2020
- Growth somewhere between 35% to 65% expected for 2021
- Best case for 2021 is €316M below 2019 revenue levels



Northern Ireland

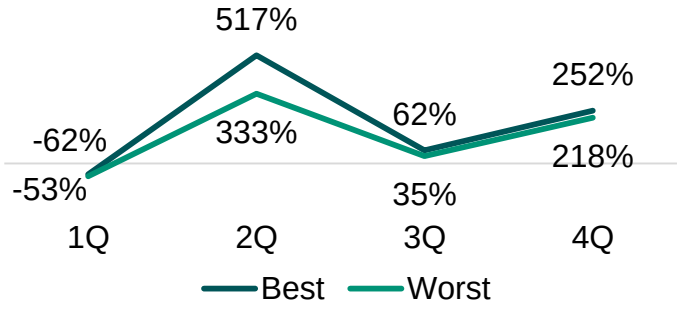
- €164M in turnover
- €59M in food and beverage purchases
- Decline of 55% in 2020
- Growth somewhere between 33% to 64% expected for 2021
- Best case for 2021 is €93Mm below 2019 levels.

2020 (as of November 2020)
Total IOI Growth



2019/20 Growth: -56%

2021
Total IOI Forecast



2021 Growth (Best): +65%
2021 Growth (Worst): +34%

Source: Bord Bia, Technomic

2020 Review of Coffee Shops/Cafes

Segment Definition

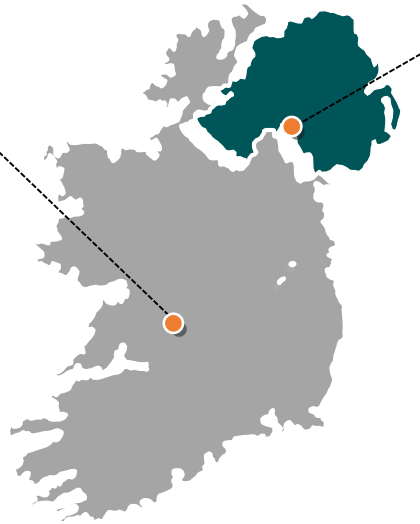
- Coffee shops and cafes are quick service restaurants without table service that emphasise coffee and other hot beverages. Typically, there is a limited selection of cold and hot foods such as pastries, sandwiches and breakfast items on offer.
- Their distinguishing feature is that they allow customers to relax, work and socialise on their premises for long periods of time, without the pressure to leave promptly after eating.

Key Trends

- After they were able to reopen in April/May, coffee shops shifted to a off-premise focus during early parts of the pandemic featuring click-and-collect and a focus on sales of retail packs.
- Suburban locations reported generally strong sales during the summer, while city centres without foot fall (especially Dublin) were particularly hard hit.
- Menus were often rationalised, with a focus on core items and far fewer seasonal items. Most baked goods were offered prewrapped (even if made in-house) and food sales were slow to return. Overall, operators report a “back-to-basics” approach to their menu.
- Ceramic mugs and other permanent-ware were phased out during the summer for entirely disposable items. Only toward the end of summer did some operators report a return to keep cups and ceramic mugs.

Republic of Ireland

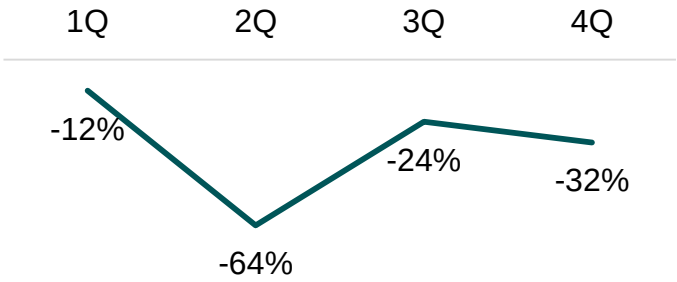
- €239M in turnover
- €68M in food and beverage purchases
- Decline of 34% in 2020
- Growth somewhere between 28% to 43% expected for 2021
- Best case for 2021 is €19M below 2019 revenue levels



Northern Ireland

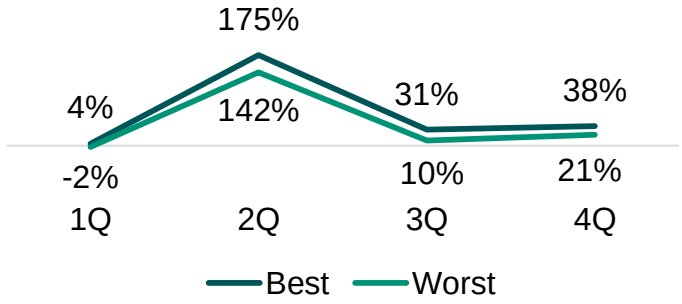
- €83M in turnover
- €24M in food and beverage purchases
- Decline of 31% in 2020
- Growth somewhere between 24% to 43% expected for 2021
- Best case for 2021 is €2M below 2019 levels.

2020 (as of November 2020)
Total IOI Growth



2019/20 Growth: -33%

2021
Total IOI Forecast



2021 Growth (Best): +43%
2021 Growth (Worst): +27%

Source: Bord Bia, Technomic

2020 Review of Other Commercial Operations

Segment Definition

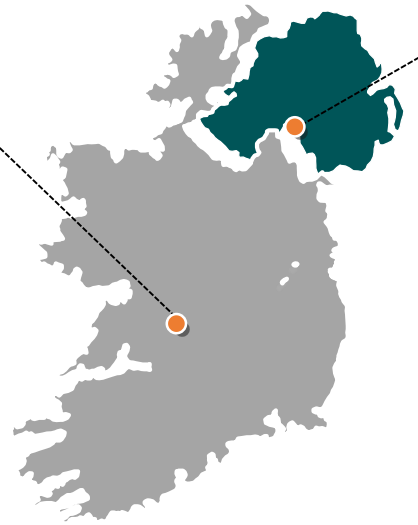
- This channel is diverse and comprises cinemas, theme parks, tourist attractions, sport venues and clubs, spas, event catering, recreational activities and cruises.
- The largest subchannel is represented by sporting events; the other key subsegment is the travel channel which includes on-board and terminus catering for flights, trains, ferries and buses.

Key Trends

- Given how closely much of this sector ties to travel and tourism, the overall declines have been significant here; much of the outlook is tied to the return of travel.
- These types of establishments are also generally targeted toward larger crowds; these types of events have been largely canceled throughout all of 2020.

Republic of Ireland

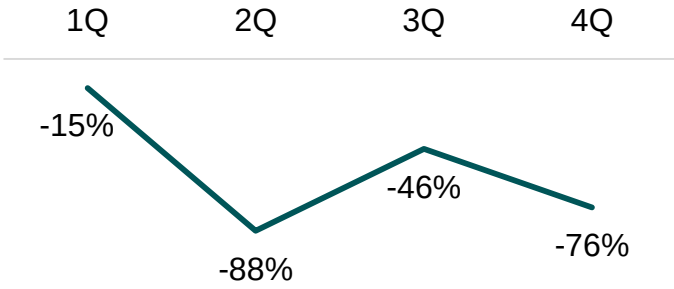
- €79M in turnover
- €30M in food and beverage purchases
- Decline of 69% in 2020
- Growth somewhere between 53% to 108% expected for 2021
- Best case for 2021 is €93M below 2019 revenue levels



Northern Ireland

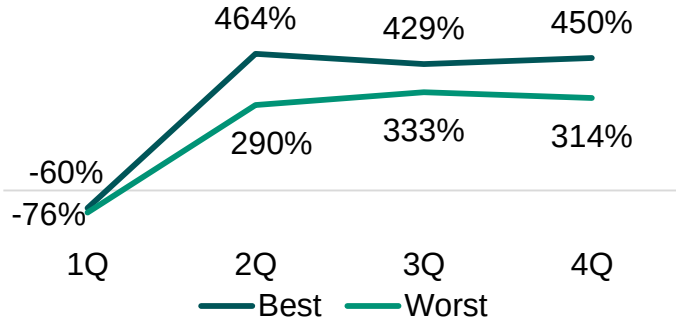
- €22M in turnover
- €8M in food and beverage purchases
- Decline of 70% in 2020
- Growth somewhere between 55% to 109% expected for 2021
- Best case for 2021 is €106M below 2019 levels.

2020 (as of November 2020)
Total IOI Growth



2019/20 Growth: -69%

2021
Total IOI Forecast



2021 Growth (Best): +108%
2021 Growth (Worst): +54%

Source: Bord Bia, Technomic

Institutional Foodservice

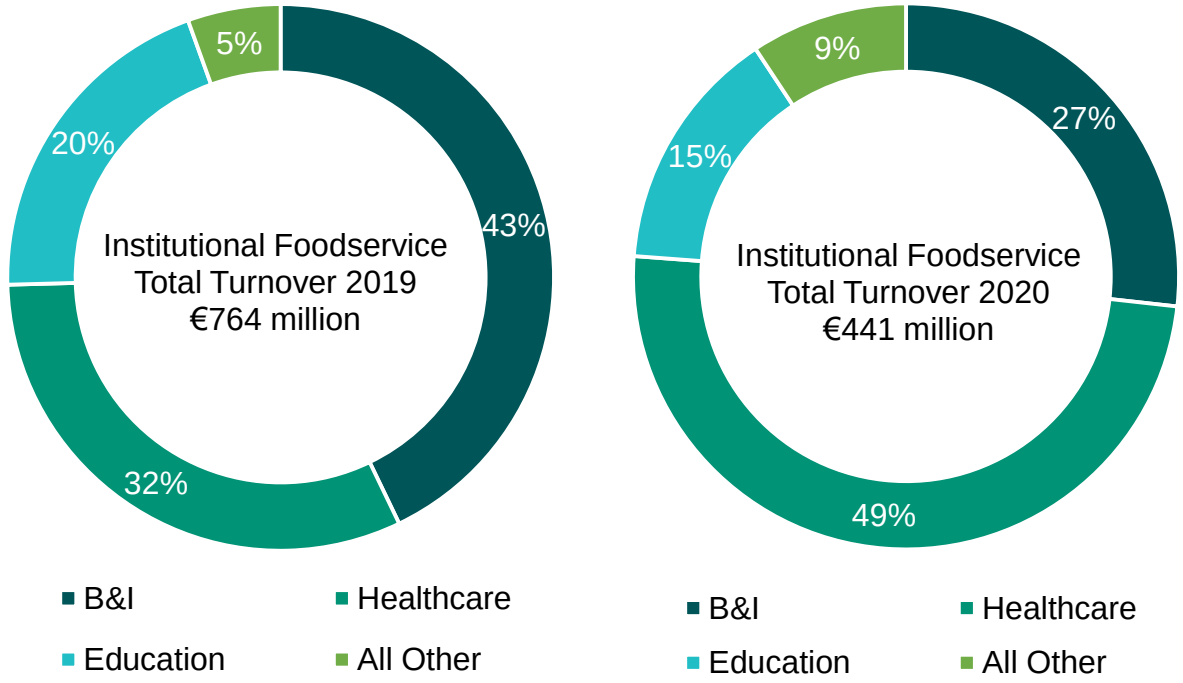
The institutional side of the foodservice industry includes food offered as a service in businesses or institutions where providing food is not the primary focus of the organisation. It includes food and beverage sold/offered in canteens and other parts of the institution and incorporates a number of subsegments, including traditional **business and industry** (B&I), **healthcare, education** and **all other institutions** (which encompasses mostly government-run facilities for defence and prisons).

The value of the total institutional segment in 2020 is valued at **€441** million in consumer spending. This includes both spending in ROI and NI.

The value of this segment dropped by over €320 million in 2020, or 43%.

There has been some significant shifts; B&I's struggles have caused this sector to fall from 43% of Institutional to 27%, while healthcare has risen from 32% to 49% of all institutional.

2019/20 Change: -42%
Revenue Change: -€323 million



Source: Bord Bia, Technomic

2020 Review of Business & Industry (B&I)

Segment Definition

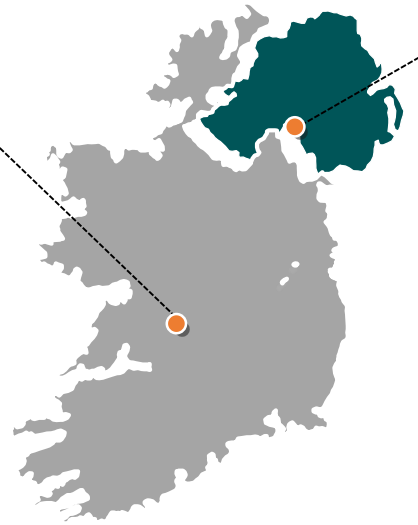
- Business and industry is defined as catering to the workforce and includes food offered within offices, factories and remote sites.
- Menus are generally offered in three formats: fixed menus (mostly in factories), self-service menus offering choice (mainly in office catering units and canteens/cafeterias) and grab-and-go or vending operations offering predominantly beverages, adjacent to their place of work.

Key Trends

- With most white-collar offices closing in March 2020, this sector has been hit particularly hard. However, factories, warehouses and other “essential services” have generally stayed open during most of the pandemic.
- Within businesses that are open, grab-and-go solutions are the preferred format; few canteens are open and more employees are dining at their desk. This has also led to a surge in new packaging costs for operators.
- A number of contract caterers are looking at delivery options for employees—either at their desk or, in some instances, even working to figure out home delivery. This has also led to investment in ordering, payment and delivery technology (apps and online) to enable these new services.
- Central production kitchens are becoming more common and replacing kitchens on-site, particularly at smaller locations that no longer may be able to support a kitchen and staff.
- Free amenities such as coffee/barista service have been significantly curtailed.
- The outlook for this sector is highly tied to the ability (and willingness) of companies to return to the office and away from remote working.

Republic of Ireland

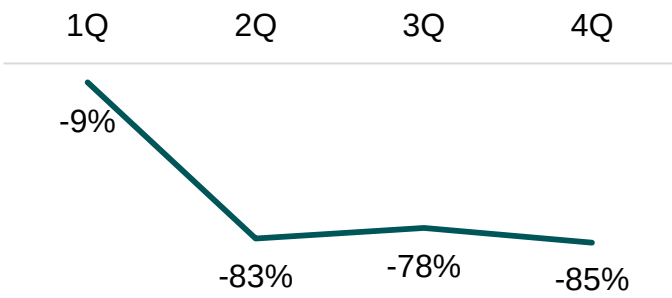
- €86M in turnover
- €45M in food and beverage purchases
- Decline of 64% in 2020
- Growth somewhere between 17% to 79% expected for 2021
- Best case for 2021 is €83M below 2019 revenue levels



Northern Ireland

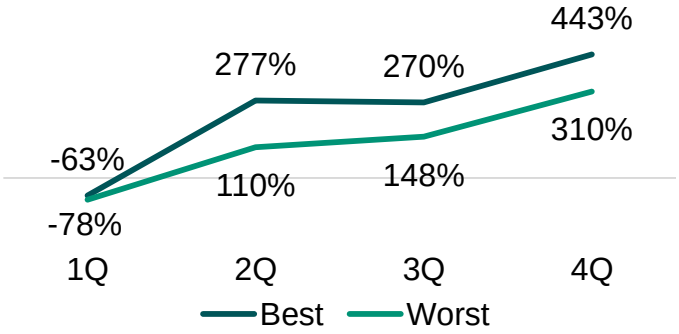
- €32M in turnover
- €4M in food and beverage purchases
- Decline of 65% in 2020
- Growth somewhere between 19% to 79% expected for 2021
- Best case for 2021 is €34M below 2019 levels.

2020 (as of November 2020)
Total IOI Growth



2019/20 Growth: -64%

2021
Total IOI Forecast



2021 Growth (Best): +79%
2021 Growth (Worst): +17%

Source: Bord Bia, Technomic

2020 Review of Healthcare

Segment Definition

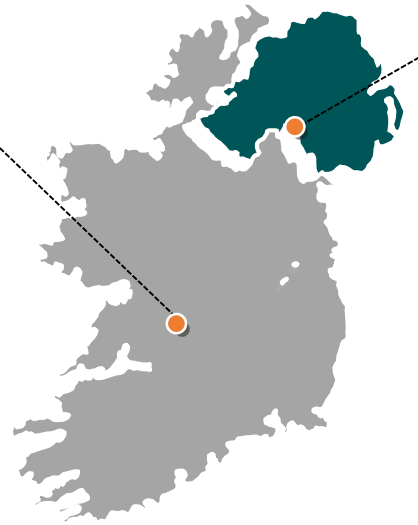
- Hospitals are institutions that serve and feed patients undergoing medical care, their guests and the staff.
- This segment includes hospitals, rehab clinics and retirement homes. It is further subclassified into private or public hospitals which, depending on the rating, will offer different culinary experiences.
- Additionally, they offer customised menu alternatives for specific diets.

Key Trends

- Given the various subsegments involved here, healthcare has generally performed better than the broader foodservice industry.
- Long-term care and senior living is driven by residential dining and has generally experienced only minor declines. More in-room dining has occurred here than previously.
- Hospital foodservice has suffered the shutdown of the hospital cafeteria, particularly during the early parts of the pandemic when patient visiting was prohibited and repeated under Level 5 restrictions.
- More prepackaged foods, often focused on “home favorites” (i.e., comfort foods) has become standard for healthcare foodservice.

Republic of Ireland

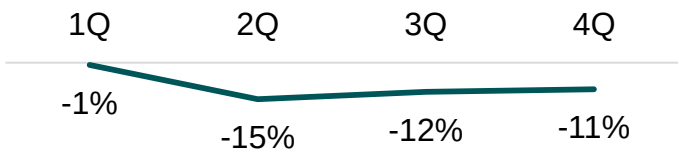
- €136M in turnover
- €74M in food and beverage purchases
- Decline of 10% in 2020
- Growth somewhere between -2% to 3% expected for 2021
- Best case for 2021 is €11M below 2019 revenue levels



Northern Ireland

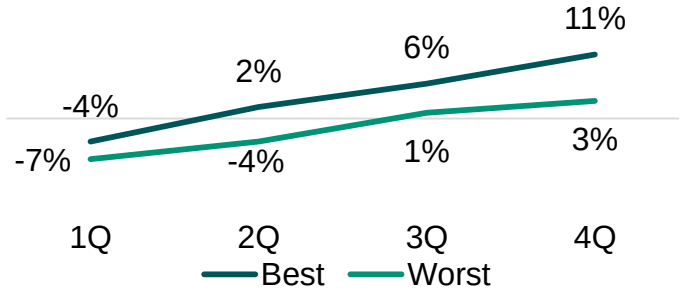
- €82M in turnover
- €45M in food and beverage purchases
- Decline of 9% in 2020
- Growth somewhere between -3% to 3% expected for 2021
- Best case for 2021 is €6M below 2019 levels.

2020 (as of November 2020)
Total IOI Growth



2019/20 Growth: -10%

2021
Total IOI Forecast



2021 Growth (Best): +3%
2021 Growth (Worst): -2%

Source: Bord Bia, Technomic

2020 Review of Education

Segment Definition

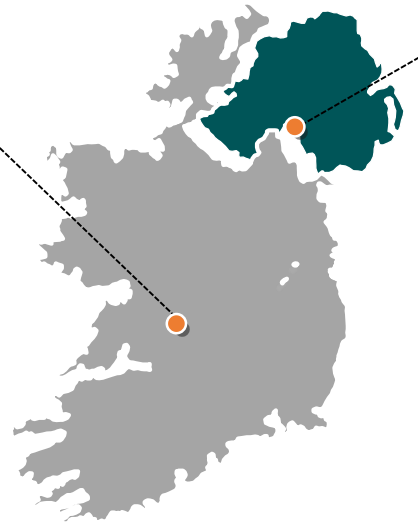
- Primary schools, secondary schools and universities make up the three key operator segments. They are in the business of providing food and beverage services to students and faculty in their place of learning. Menus are generally offered in two main formats: fixed menus, or cafeteria/self-service, although a la carte operations are also included.
- The channel covers state, religious, and privately funded and owned institutions.

Key Trends

- Most educational facilities were closed in March and generally stayed closed throughout the summer. Some low-income feeding was done during this time via a collection service, but most on-site feeding was discontinued.
- While most primary, second and third-level education has restarted in the autumn, feeding is confined to individual pods in which the student has been assigned, and core offerings have been significantly reduced.
- Within university, the majority of students are confined to remote learning and cafeterias have often remained closed or operate at significantly reduced capacity.
- Prepackaged meals are much more common, with a corresponding increase in packaging.

Republic of Ireland

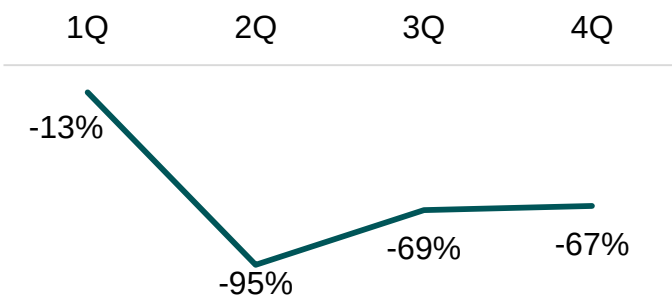
- €41M in turnover
- €20M in food and beverage purchases
- Decline of 57% in 2020
- Growth somewhere between 15% to 75% expected for 2021
- Best case for 2021 is €24M below 2019 revenue levels



Northern Ireland

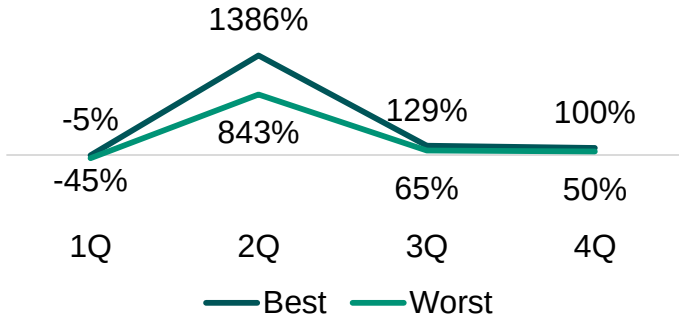
- €23M in turnover
- €11M in food and beverage purchases
- Decline of 59% in 2020
- Growth somewhere between 14% to 74% expected for 2021
- Best case for 2021 is €16M below 2019 levels.

2020 (as of November 2020) Total IOI Growth



2019/20 Growth: -57%

2021 Total IOI Forecast



2021 Growth (Best): +75%
2021 Growth (Worst): +15%

Source: Bord Bia, Technomic

2020 Review of Other Institutional Operations

Segment Definition

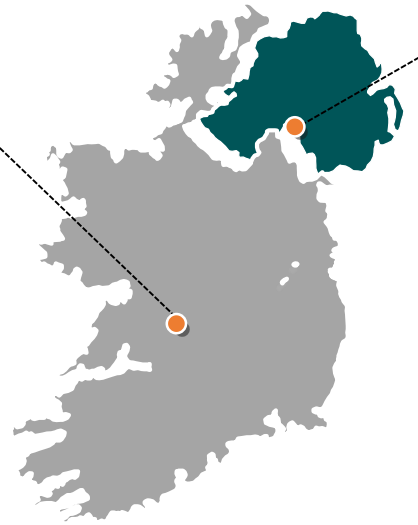
This channel includes government organisations, notably prisons and armed forces (military messes, in-field canteens and soup kitchens).

Key Trends

- This sector is largely unaffected; some minor downturn for cost-control reasons and as cafeterias and canteens limit seating and space allocated to eat.
- As with other Institutional sectors, prepackaged foods are strongly encouraged, and self-serve buffets have been curtailed or eliminated.
- Operators here retain a strong commitment to cost control and keeping per-head spend to a minimum.

Republic of Ireland

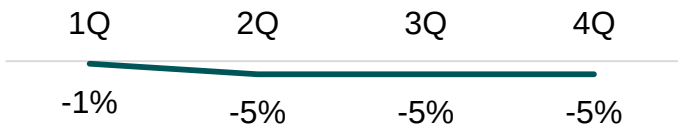
- €32M in turnover
- €14M in food and beverage purchases
- Decline of 4% in 2020
- Growth somewhere between -1% to 3% expected for 2021
- Best case for 2021 is a return to 2019 revenue levels



Northern Ireland

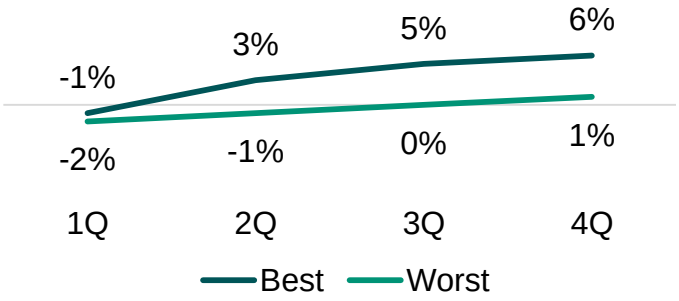
- €9M in turnover
- €4M in food and beverage purchases
- Decline of 3% in 2020
- Growth somewhere between -1% to 3% expected for 2021
- Best case for 2021 is a return to 2019 revenue levels

2020 (as of November 2020) Total IOI Growth)



2019/20 Growth: -4%

2021 Total IOI Forecast



2021 Growth (Best): +3%
2021 Growth (Worst): -1%

Source: Bord Bia, Technomic

Section Five
Product Insights

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Product Trends in the COVID-19 Era

1. Inventory challenges have led to waste and out-of-stocks

Foodservice operators in Ireland have been faced with inventory issues throughout the supply chain that have limited menu options. Suppliers note the huge surge in retail and the simultaneous collapse of foodservice demand, which has caused challenges to maintain full supply in both channels. Distributors have been faced with shortages from suppliers as well as receiving returns from operators. Short shelf-life items and chilled foods have seen significant waste as lockdowns have impacted the ability to sell/use these items.

2. Health and wellness has taken a break during the pandemic

Health and wellness has been a key trend driving incremental growth in the recent past, but industry participants note that consumer interest has switched to comfort foods and away from healthy items. Many expect this to be temporary during the pandemic, but it has impacted menu development and the items being promoted.

3. Pre-packaged items in demand

Operators across all segments note that there has been a shift in demand to items that are individually prewrapped, particularly in categories where this wasn't the norm.

4. Sustainability trends temporarily reversed

With the importance of prewrapped items and the growth of the off-premise business, single-use packaging has seen expanded use, and many operators note that the consumer interest in sustainability, particularly as it relates to packaging, has been put on hold. Consumers value the protection that packaging has provided and seem willing to accept greater packaging usage; however, most expect that this will revert once the immediate danger and threat of the virus has passed.

5. Managing chilled foods has led to some move to frozen, ambient

As noted with the challenges in inventory, operators that have had a high degree of focus on fresh/chilled items have often been forced to throw away expired product. As a result, there has been some shift toward frozen items, which have a longer (but not indefinite) shelf life, and even canned and other ambient products have seen stronger growth as these can last on storeroom shelves past the pandemic and are not in danger of expiration.

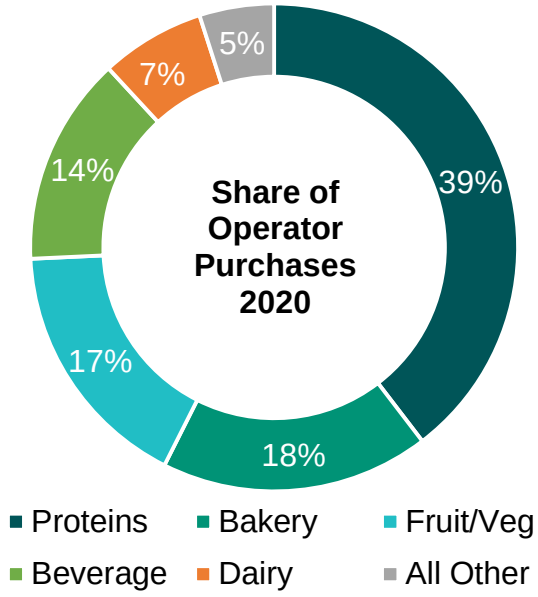
Product Category Segmentation

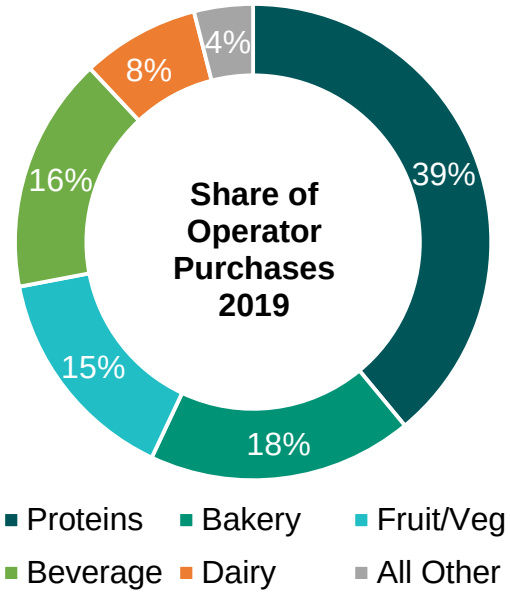
Proteins still account for the greatest share of operator food purchases (39%), although purchase value of these products has declined nearly 42% YOY. Bakery, fruit and vegetables, and beverages remain the next largest categories; beverage in particular, however, saw a massive 50% decline in 2020 and as a result lost 2 share points compared to 2019.

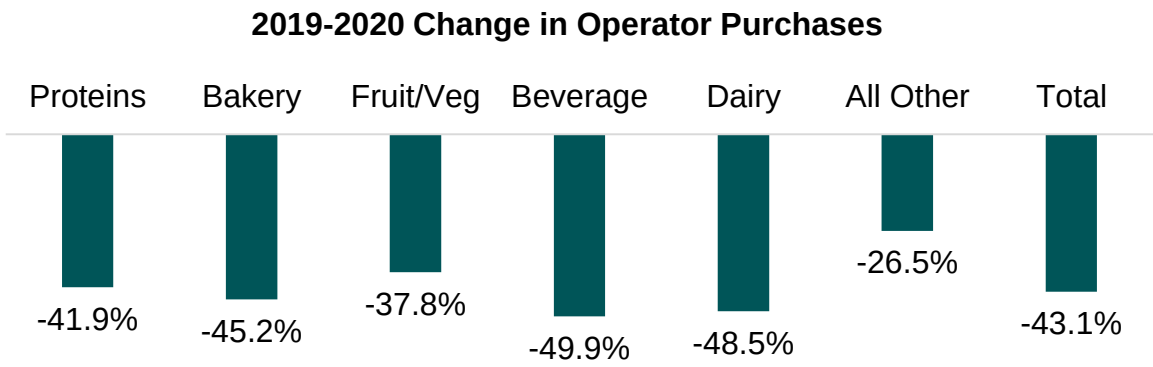
Purchases are calculated as declining at a slightly higher (better) rate as the industry and shifts in product category purchases reflect the broader issues described elsewhere in this report. Beyond the pandemic and economic shutdown, the other major challenge for the foodservice industry and food costs specifically is the 31 December Brexit deadline. While the industry has been preparing for Brexit for years, the ongoing uncertainty of how it plays out continue to cause worry about future price shocks.

Note that “all other” includes packaging costs that are specifically included as a “cost of good” in the food or beverage item and includes single-use cups as well as wraps, bags, etc. This category would also include any other food item otherwise noted. The lower levels of decline represent an increase particularly in purchases of single-use packaging, which have become critical for every foodservice sector that is engaged in any meaningful trade during the pandemic.

The figures shown here include both ROI purchases as well as food and nonalcohol beverage purchases made in Northern Ireland and converted to Euro.







Foodservice Product by Value

Fruit, vegetables, poultry, beef and bread/bakery (nonsweet) account for over half of operator purchases. While these top four categories haven't changed, the share has shifted somewhat, especially as fresh/chilled items have generally declined at a greater rate in 2020.

The figures shown here include both ROI purchases as well as food and non alcohol beverage purchases made in Northern Ireland and converted to Euro.

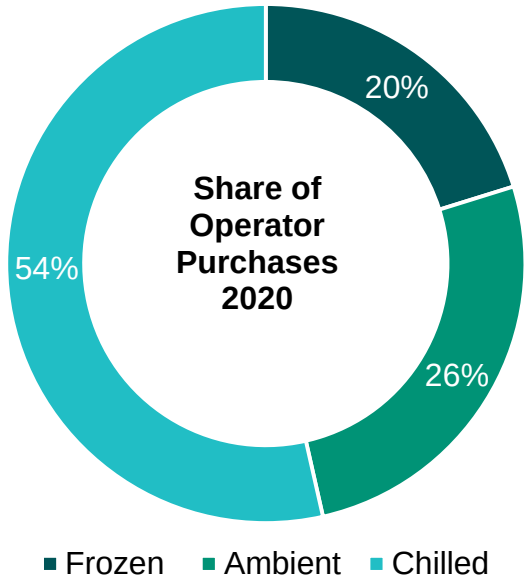
Product Category	Estimated Change 2019/20	2020 Operator Purchases (€ millions)	Share of Total (%)
Fruit/Vegetables	-38%	€ 276	17%
Poultry	-36%	€ 216	13%
Beef	-43%	€ 178	11%
Bread/Bakery Savoury	-42%	€ 177	11%
Bacon	-47%	€ 130	8%
Dairy	-49%	€ 122	7%
Sweet Bakery	-47%	€ 84	5%
Pork	-37%	€ 73	4%
Seafood	-51%	€ 44	3%
Grocery	-36%	€ 30	2%
Confectionery	-57%	€ 15	1%
Desserts	-53%	€ 17	1%
Lamb	-47%	€ 13	1%
Beverage (Nonalcohol)	-50%	€ 227	14%
All Other	-20%	€ 51	3%
Total	**-43%**	**€ 1,652**	**100%**

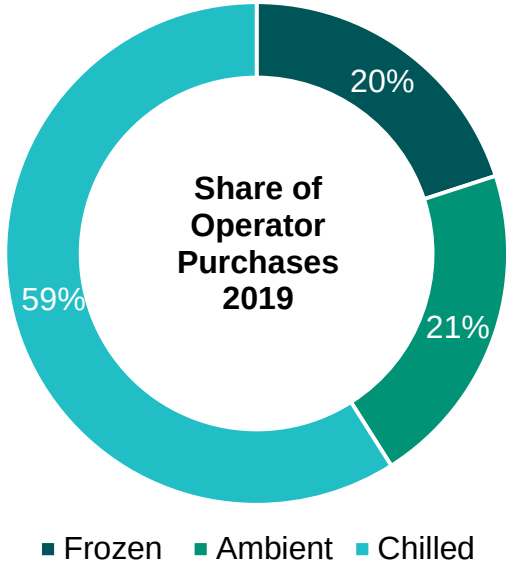
Temperature Mix

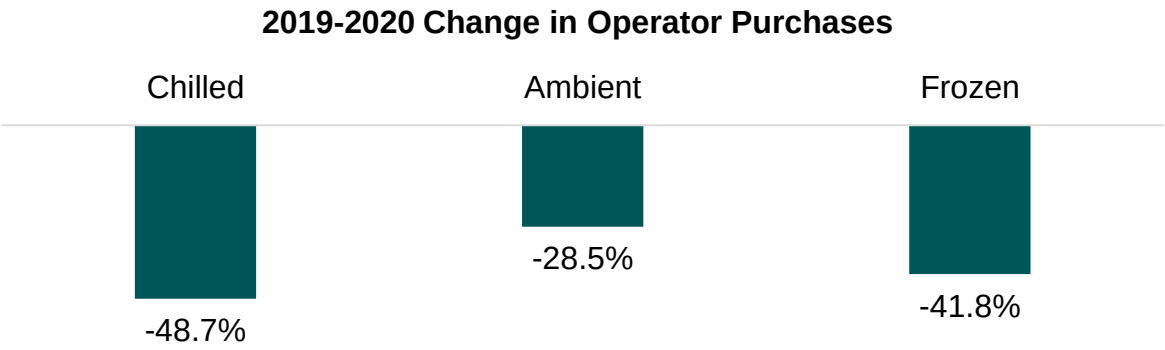
Chilled/fresh product has been on trend for years and until now there continued a general shift toward chilled items. However, given the short-notice lockdowns, the loss of inventory as chilled items expired, plus the uncertainty of future lockdowns, operators have shifted their purchases toward frozen and ambient during the pandemic.

Over the past year, the share of chilled has dropped by nearly 6 percentage points (or roughly a decline of 49%), while frozen has remained relatively constant and ambient has gained several points.

The figures shown here include both ROI purchases as well as food and nonalcohol beverage purchases made in Northern Ireland and converted to Euro.







Section Six

Global Trends and Outlook

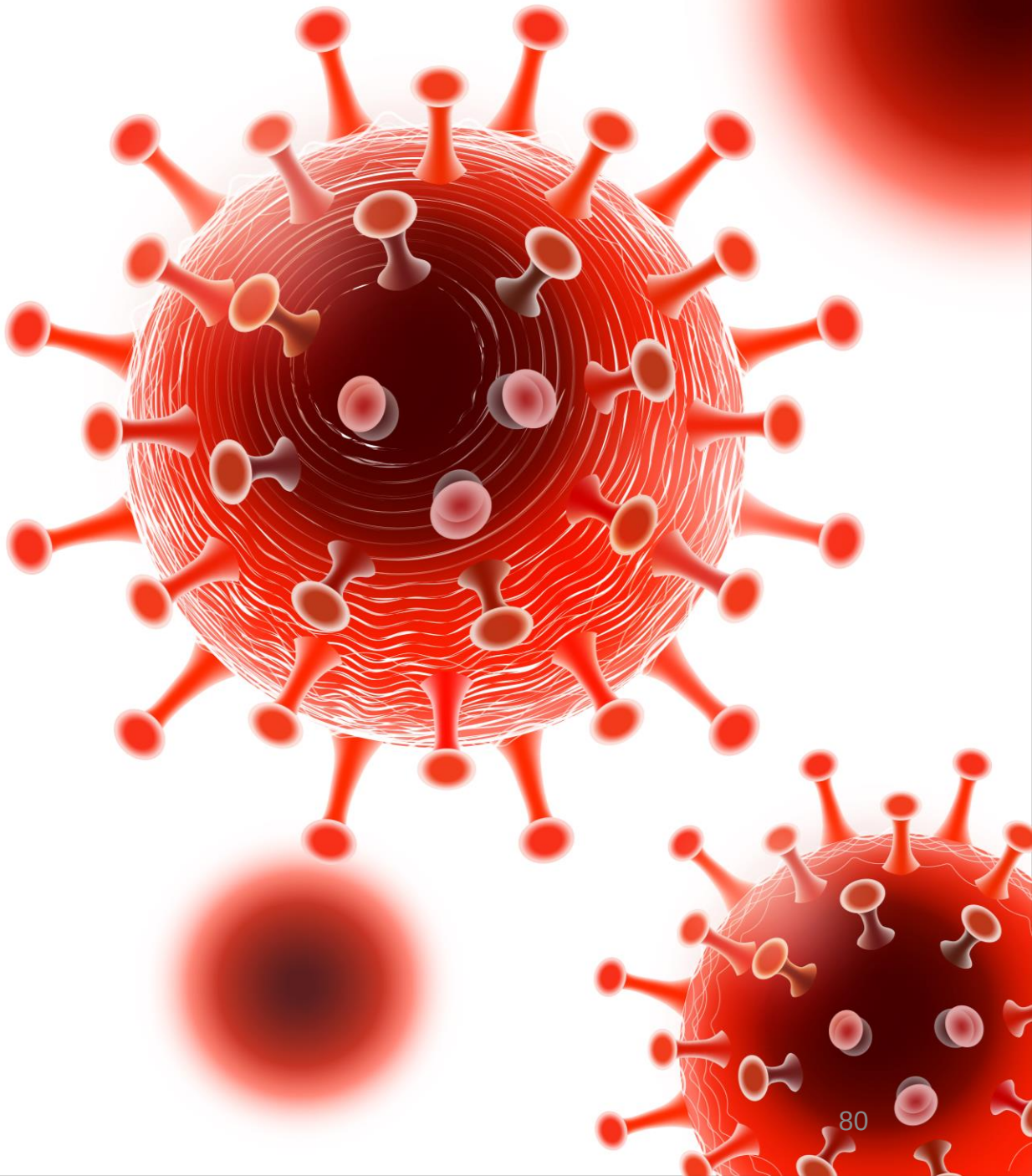


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Global Trends During the Era of COVID-19

The COVID-19 pandemic is not just straining life in Ireland but is having a dire impact on the global economy, with most economists forecasting a global recession lasting well into 2021. As the economic losses mount, one of the hardest hit sectors within many countries is hospitality, including restaurants, bars and other foodservice establishments.

Technomic tracks 25 markets outside of Ireland as part of its ongoing global restaurant research. As part of a review of how COVID-19 has impacted not just Ireland but other parts of the world, this section presents insights into the various regions of the world and examines how COVID-19 will impact this vital (but vulnerable) part of the global economy.



Summary of Global Foodservice Industry Growth, 2020 and 2021

Technomic has been tracking the growth in 25 key foodservice markets; the table to the right shows current expectations for growth for 2020 and preliminary forecasts for 2021 (as the midpoint of the best and worst case scenarios).

Overall, the foodservice industry (as defined in these markets) is expected to decline just over 27% in value across all markets included in this analysis. By comparison, this report indicates that the Republic of Ireland's foodservice industry in 2020 will decline by 48%, reflecting the dependency Ireland has on tourism and travel and the more severe restrictions that were in place during much of 2020 relative to other markets. In 2021, the midpoint of the growth expected is just under 26%; Ireland's midpoint is 29% forecasted growth, but much variability exists as to the scenarios and how they play out.

	Total Foodservice		Local Currency	
Country	**Estimated 2020 Sales (€B)**	**Outlets**	**2020 (P)**	**2021 (F)**
U.S.	€566.16	1,275,636	-29.0%	23.1%
Canada	€44.69	192,804	-28.4%	16.3%
Total North America	**€610.85**	**1,468,440**	**-28.9%**	**22.6%**
Argentina	€4.79	141,134	-27.8%	27.8%
Brazil	€64.66	1,112,145	-34.9%	25.0%
Chile	€4.06	44,174	-27.7%	19.4%
Colombia	€4.53	147,547	-29.6%	24.6%
Mexico	€14.21	909,286	-30.9%	28.1%
Total Latin America	**€92.24**	**2,354,286**	**-33.4%**	**25.4%**
France	€76.86	327,740	-33.0%	23.8%
Germany	€59.23	409,266	-29.0%	31.9%
Russia	€17.82	543,958	-32.2%	22.0%
Spain	€78.99	411,041	-35.8%	29.0%
U.K.	€51.91	291,834	-42.8%	35.2%
Total Europe	**€284.80**	**1,983,839**	**-35.0%**	**28.9%**
Australia	€31.88	124,111	-18.2%	13.1%
China—Hong Kong	€10.70	26,158	-26.5%	22.5%
China—Mainland	€584.71	9,326,146	-20.8%	23.8%
India	€126.39	4,110,289	-35.0%	32.0%
Indonesia	€30.38	658,325	-24.2%	32.3%
Japan	€231.42	1,216,804	-22.5%	33.3%
Malaysia	€14.01	184,967	-29.7%	19.6%
Philippines	€9.83	180,537	-31.0%	25.2%
Singapore	€10.23	36,733	-21.3%	24.7%
South Korea	€80.51	826,049	-19.1%	21.9%
Thailand	€17.25	341,594	-30.2%	19.1%
Total Asia-Pacific	**€1,147.31**	**17,031,713**	**-23.3%**	**26.3%**
Saudi Arabia	€14.70	117,010	-28.3%	29.5%
South Africa	€3.32	155,040	-35.8%	20.2%
UAE	€10.76	29,988	-20.1%	24.4%
Total Middle East & Africa	**€28.78**	**302,038**	**-26.5%**	**26.5%**
Total Global Foodservice	**€2,163.98**	**23,140,316**	**-27.2%**	**25.6%**

Source: Technomic
Note: forecasts are middle ground estimates between "best case" and "worst case" estimates; subject to change

Foodservice Growth Expectations in Key Asia-Pacific Markets



	Total Foodservice		Local Currency		Real Growth	
Country	**Sales (€B)**	**Outlets**	**2020 (P)**	**2021 (F)**	**2020 (P)**	**2021 (F)**
Australia	€ 31.88	124,111	-18.2%	13.1%	-20.0%	10.9%
China—Hong Kong	€ 10.70	26,158	-26.5%	22.5%	-27.2%	20.1%
China—Mainland	€ 584.71	9,326,146	-20.8%	23.8%	-23.7%	21.5%
India	€ 126.39	4,110,289	-35.0%	32.0%	-38.1%	28.8%
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Singapore	€ 10.23	36,733	-21.3%	24.7%	-22.5%	22.9%
South Korea	€ 80.51	826,049	-19.1%	21.9%	-20.0%	20.1%
Thailand	€ 17.25	341,594	-30.2%	19.1%	-30.9%	17.9%
Total Asia-Pacific	**€ 1,147.31**	**17,031,713**	**-23.3%**	**26.3%**	**-25.9%**	**23.7%**

Source: Technomic
Note: forecasts are middle ground estimates between "best case" and "worst case" estimates; subject to change

Restaurants in Asia Innovated Early, With Seismic Shifts in Some Markets

- China pioneered innovations such as no-contact service and socially distant layouts.
- Thailand and South Korea have been resilient and have seen less disruption in their foodservice industry.
- Local restaurant chains still expanding, going public and gaining funding, particularly in South Korean and China. Heytea and Kopi Kenangan are two chains that have been beneficiaries of this move and are poised for additional growth.
- Japan suspended the 2020 Tokyo Olympics until 2021, which impacted overall growth (in addition to pandemic-related shutdowns).
- Across all countries, the pandemic accelerated existing shifts to off-premise. Asia was already much more developed in terms of delivery, but the pandemic has raised the importance of off-premise throughout Asia.

Jollibee promotes no-contact handoff in the Philippines



Asia/Pacific Outlook

Modest shift from FSR to LSR. This market is already heavily oriented to QSR and fast food, but these types of establishments will continue to gain ground based on their established off-premise business.

Continued tech innovations. Asia is the home of many tech-forward initiatives within restaurants. Automation is much more advanced in many markets, and foodservice/restaurant technology will gain here before other markets.

Space created for disruptive local players. While Asia has a fair amount of global restaurant players, there are a number of emerging local brands, particularly in China, that have room to expand as many global companies put a “pause” on expansion.

Army Navy Burger & Burrito and Max’s Restaurants in the Philippines both recently launched carside service for guests who would rather dine in their car than the dining room



Heytea, a pioneer in China, recently received fresh growth funding and may go public in Hong Kong, as well as entering the top 25 chains in China this year



Foodservice Growth Expectations in Key Americas Markets



	Total Foodservice		Local Currency		Real Growth	
Country	**Sales (€B)**	**Outlets**	**2020 (P)**	**2021 (F)**	**2020 (P)**	**2021 (F)**
U.S.	€ 566.16	1,275,636	-29.0%	23.1%	-30.9%	20.2%
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Source: Technomic
Note: forecasts are middle ground estimates between "best case" and "worst case" estimates; subject to change

Lockdowns Less Severe in U.S. and Canada But Were Significant Across Latin America

- Shifts to off-premise in the U.S. and Canada meant less disruption and shallower declines over the course of much of 2002.
- Conversely, much of Latin America restricted dine-in service for extended periods. Argentina, for example, has had one of the longest lockdowns of any country in the world.
- Throughout the region, operators, particularly global restaurant chains, were able to adapt using global learnings from Asia, which in many instances simply accelerated existing shifts to off-premise.
- As in many markets, full-service restaurants have taken a harder hit than quick-service concepts have.

Create-your-own doughnut kits from Tim Hortons in Mexico launched when restaurants were limited to off-premise with some only offering delivery



Outlook for the Americas

Acceleration to off-premise regionwide. Major players such as DoorDash, Grubhub and Uber Eats have gained tremendous share. At the same time, many operators have also implemented their own delivery initiatives.

Growth of drive-thrus, delivery kitchens and innovative formats. As off-premise grows, operators are looking to accelerate trends and there is a lot of experimentation with new ways to quickly and efficiently get food to consumers. Fast casual and even some full-service players are looking at drive-thrus as a way to offer click-and-collect services to customers.

Leveraging tech. Similarly, operators in the Americas are seeing a tech investment in ordering capabilities, customer loyalty programmes, artificial intelligence and back-of-house (BOH) production.

Increased infrastructure and supply chain issues in Latin America. Particularly in countries such as Brazil and Colombia, outside of major metro areas, supply chain and infrastructure issues will delay any type of significant recovery.

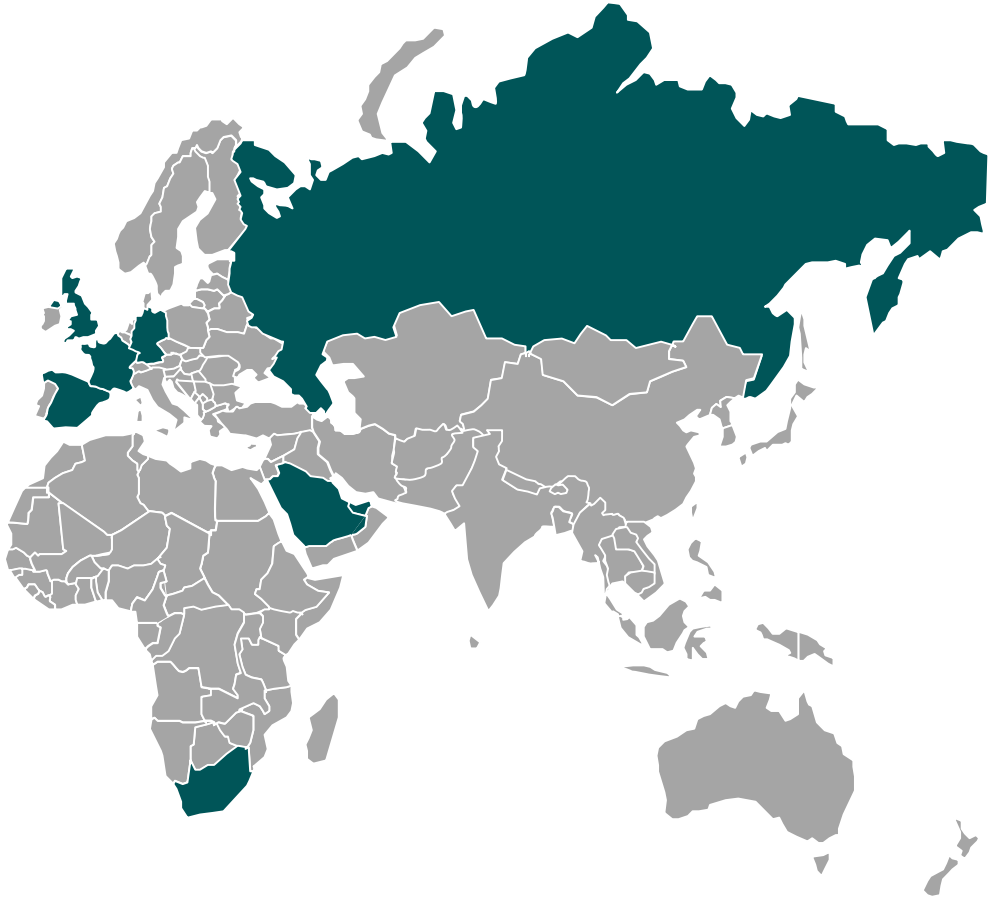
Chili's has begun promoting a virtual brand called "It's Just Wings," a concept serviced by existing kitchens but as a separate brand, on delivery platforms in the U.S. and Latin America



Pizzerias Kentucky in Argentina offers items located in freezer cases in the restaurant, touted as a meal solution in 10 minutes after a busy day in the new normal



Foodservice Growth Expectations in Key EMEA Markets



Country	Total Foodservice Sales (€B)	Outlets	Local Currency 2020 (P)	Local Currency 2021 (F)	Real Growth 2020 (P)	Real Growth 2021 (F)
France	€ 76.86	327,740	-33.0%	23.8%	-34.1%	21.4%
Germany	€ 59.23	409,266	-29.0%	31.9%	-30.9%	28.7%
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U.K.	€ 51.91	291,834	-42.8%	35.2%	-44.4%	31.9%
Total Europe	**€ 284.80**	**1,983,839**	**-35.0%**	**28.9%**	**-36.4%**	**26.0%**
Saudi Arabia	€ 14.70	117,010	-28.3%	29.5%	-29.6%	26.9%
South Africa	€ 3.32	155,040	-35.8%	20.2%	-37.9%	16.2%
UAE	€ 10.76	29,988	-20.1%	24.4%	-20.3%	23.2%
Total Middle East & Africa	**€ 28.78**	**302,038**	**-26.5%**	**26.5%**	**-27.8%**	**24.1%**

Source: Technomic
Note: forecasts are middle ground estimates between "best case" and "worst case" estimates; subject to change

Tight, Protracted Lockdowns Severely Impacted Casual Dining and Bars

- Full-service restaurants and pubs/bars are more established in Europe compared to other regions and these countries have seen more severe restrictions. As such, casual dining has taken massive hits in the U.K. and other parts of Europe; this has also been true of South Africa as well.
- Moreover, many of these types of establishments are not as well set up to quickly pivot to be able to benefit from off-premise opportunities.
- The pandemic hit European regions just before North America and saw longer periods of hospitality shutdown.
- Many countries had significant periods of lockdown, with many now entering a new phase of economic shutdowns to slow the spread of a second wave.
- Chain investments in click-and-collect and in-house delivery were made by global chains and some regional operators, but these options lag compared to both Asia and North America.

- Cancellation and deferral of major tourist events had a major impact on the economies (and hospitality industries) in many European and Middle Eastern countries. Some notable examples include:
  - In Germany, Oktoberfest was canceled.
  - In Spain, the running of the bulls was canceled.
  - In the UAE, the Expo 2020 Dubai was postponed to 2021.
  - In Saudi Arabia, the Hajj pilgrimage was reduced to in-country participants only (usually this event attracts a great number of visitors from outside the country).

Brioche Doree in France is one of many chains in the region to launch click-and-collect as dining rooms remained closed



Outlook for EMEA Countries

Major swing from full service to limited-service formats in Europe. Europe is much more heavily oriented toward full-service restaurants, cafes and pubs, but given the severe lockdowns, the trend will shift toward QSR at least in the short- to mid-term.

Moderate return to pre-crisis normalcy in the UAE and Saudi Arabia as lockdowns were less severe. The Middle East also has a well-established delivery ecosystem, and more operators are opting for in-house delivery as an emerging trend.

Lengthy recovery process for South Africa. Economic challenges and continued tight lockdowns indicate a longer recovery period for South Africa relative to other EMEA countries.

Brexit looming at the end of the year. For the U.K. and even continental Europe, the impact of Brexit, not only on the industry specifically but on broader travel and trade, could slow overall recovery time.

Peter Pane is a casual-dining burger operator that launched its own in-house delivery service while its restaurants were completely shut down in Germany



McDonald's began partnering in Russia with grocery operator X5, opening off-premise-focused restaurants inside grocery stores and also exploring synergies in shopping patterns and loyalty programmes shared among shoppers and restaurants customers



Appendices

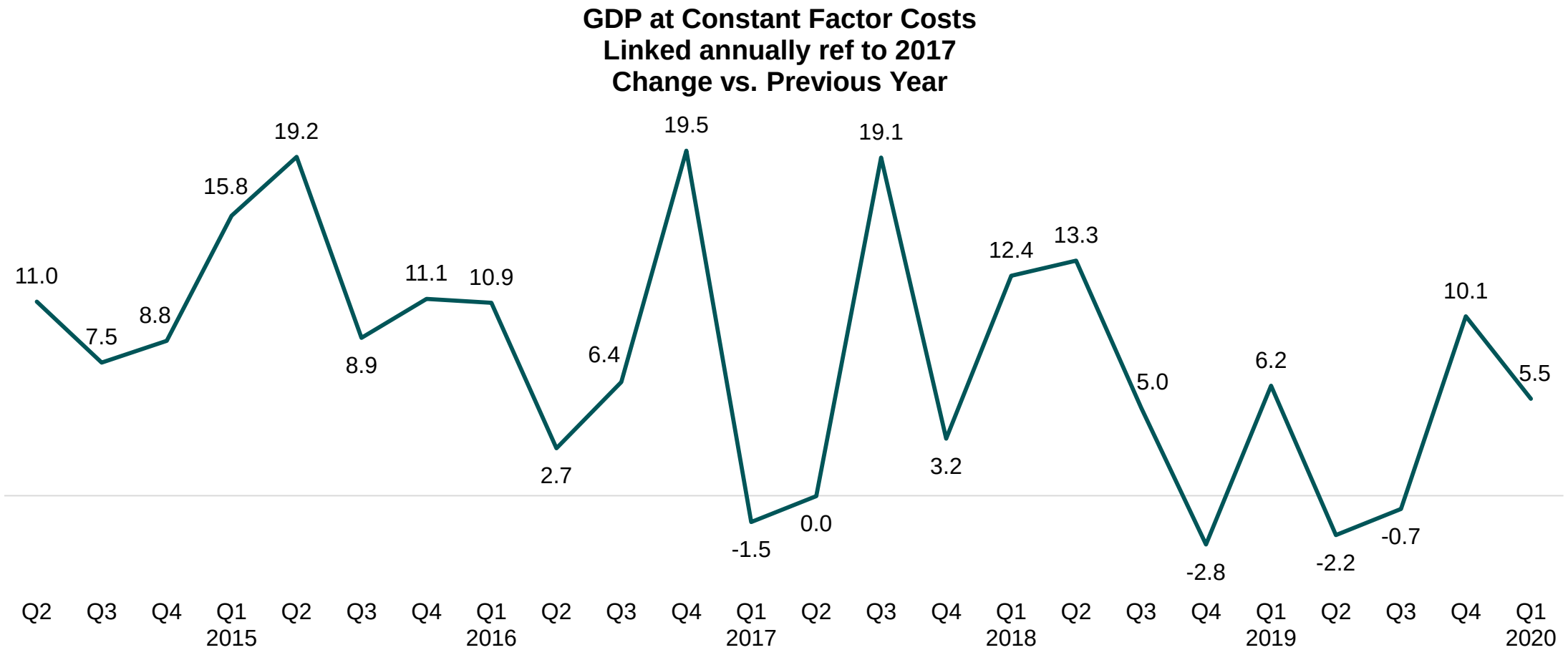
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Macroeconomic Factors

Term	Definition
Gross Domestic Product (GDP)	The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory. GDP is commonly used as an indicator of the economic health of a country, as well as to gauge a country's standard of living
Employment—All Industries	Represents the share of the labour force that is employed. The employment rate is one of the economic indicators that economists examine to help understand the state of the economy
Consumer Price Index (CPI)—All Items	An index of the variation in prices paid by typical consumers for retail goods and other items
Consumer Price Index (CPI)—Food and Nonalcohol Beverages	An index of the variation in prices paid by typical consumers for food and nonalcohol beverages
Consumer Price Index (CPI)—Restaurants and Hotels	An index of the variation in prices paid by typical consumers for foodservice items purchased at restaurants and hotels
Tourism	Data on the number of visitors to ROI and NI based on region, as well as the share and growth of visitors from each region

Gross Domestic Product, ROI

Pre-Pandemic

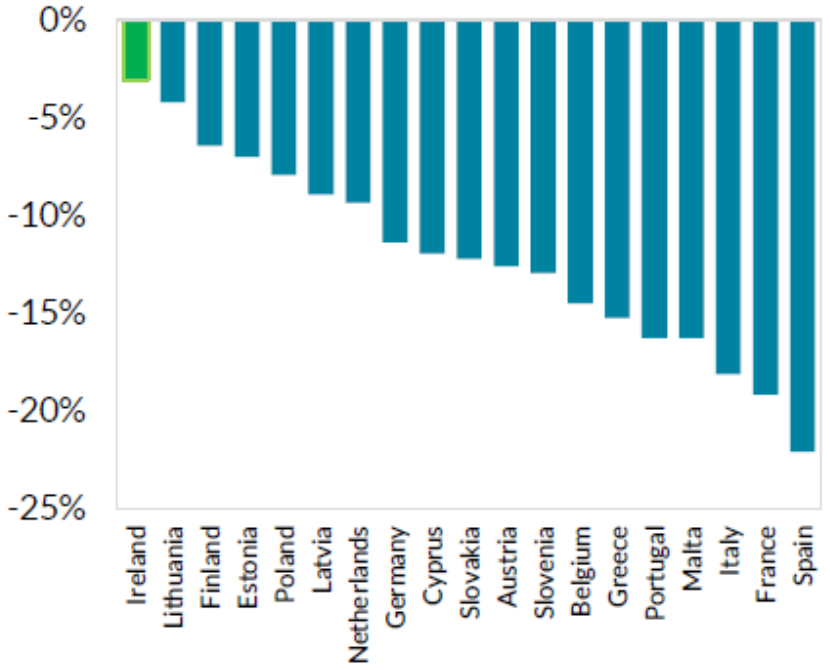


Source: Central Statistics Office

Real GDP vs. Real Consumer Expenditures

Ireland vs. Other Eurozone Countries

Real GDP (2020Q2 Annual Growth)
Eurozone Members

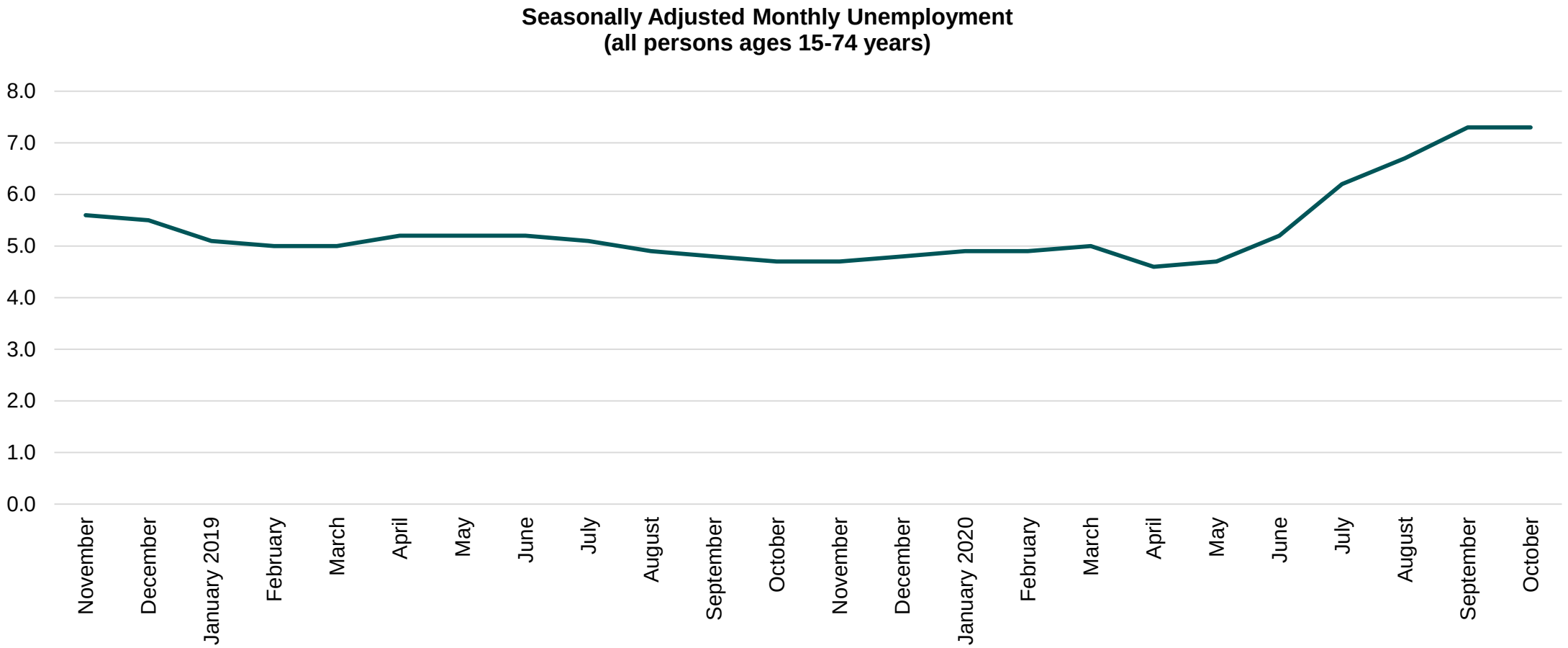


Final Consumption Expenditure (2020Q2 Annual Growth)
Eurozone Members



Source: Ireland Central Bank

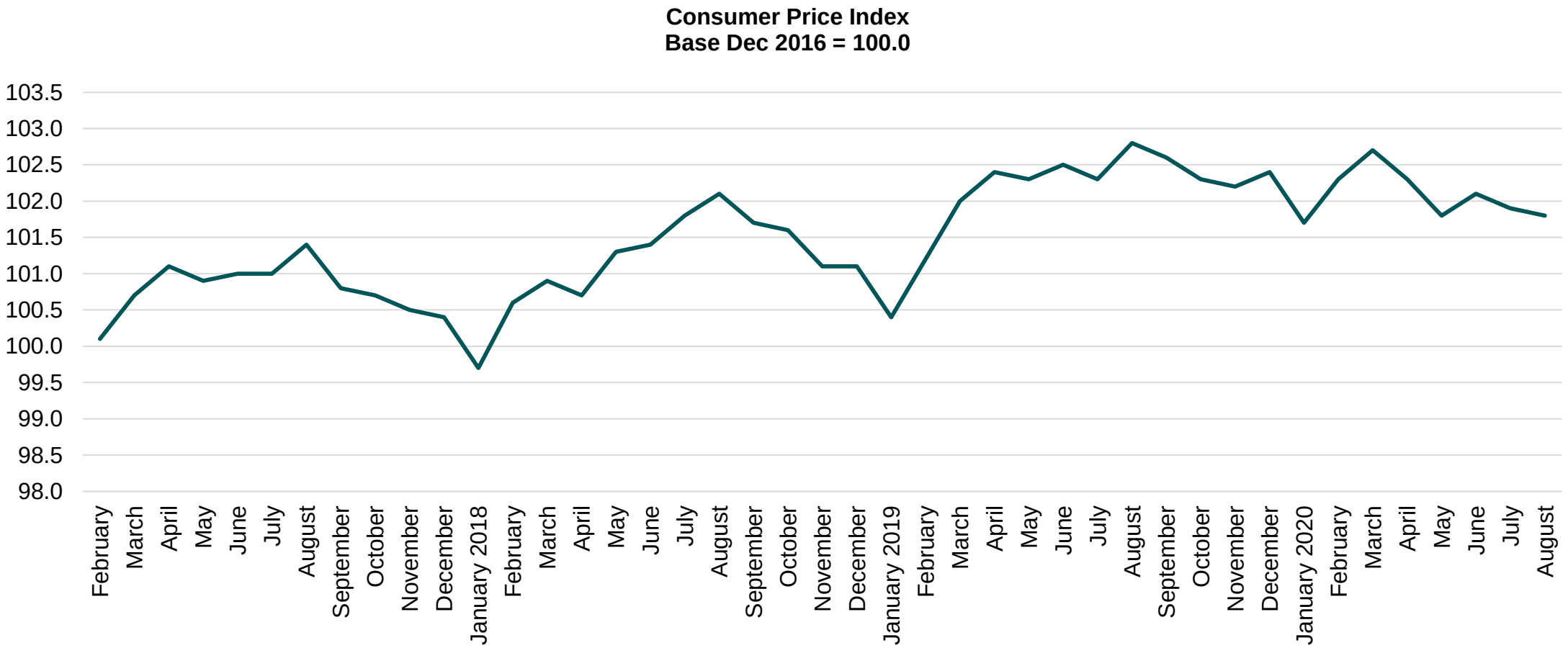
ROI Unemployment Rate



Source: Central Statistics Office

Consumer Price Index, ROI

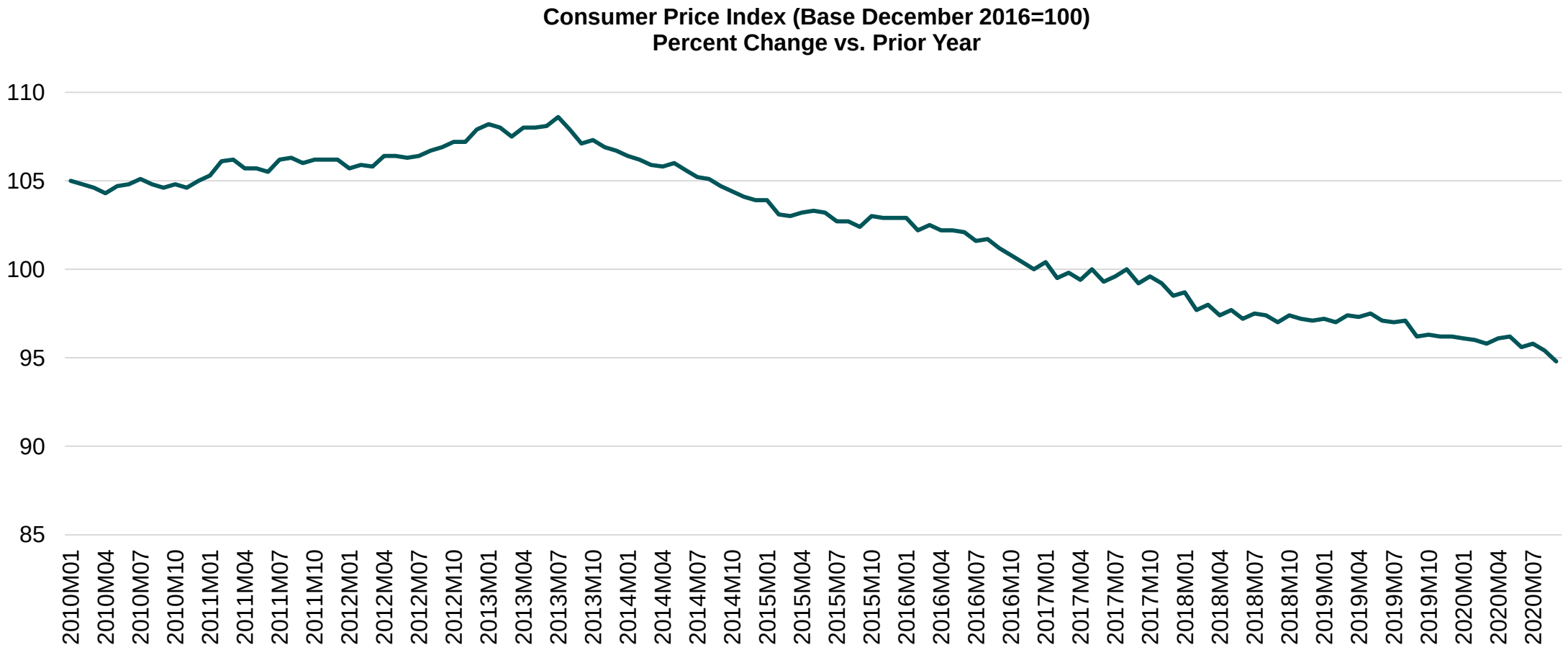
All Items



Base: 100 = December 2016
Source: Central Statistics Office

Consumer Price Index, ROI

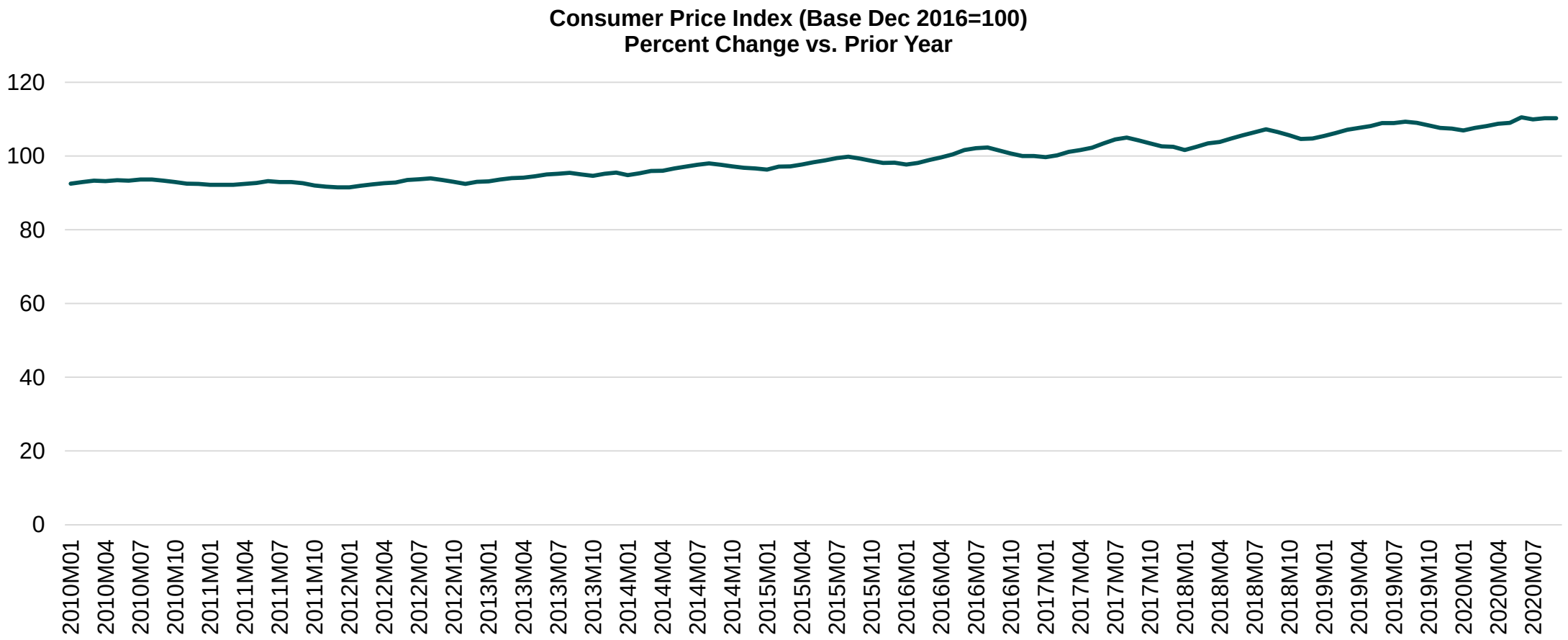
Food and Nonalcohol Beverage



Base: 100 = December 2001
Source: Central Statistics Office

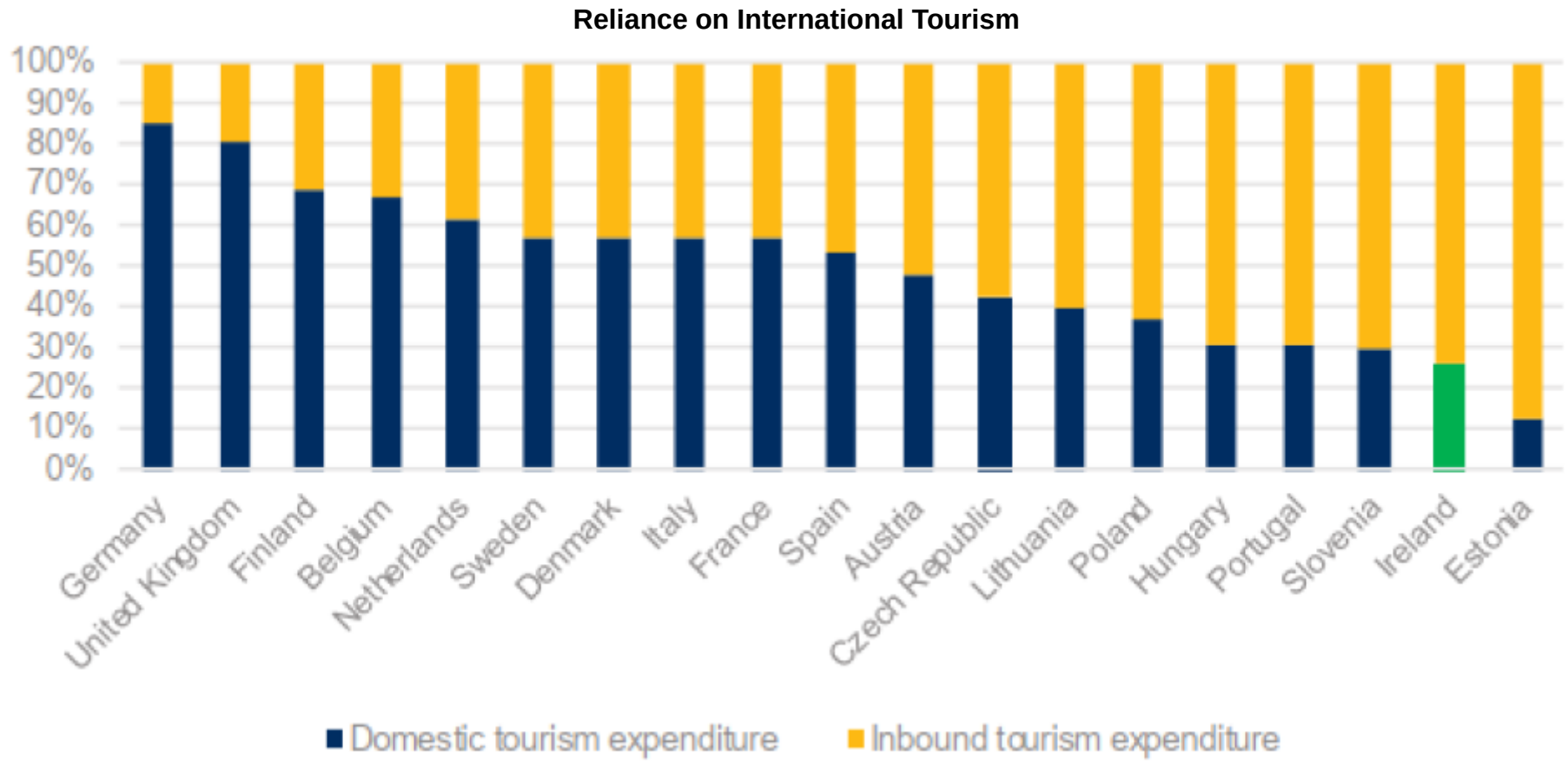
Consumer Price Index

Restaurants and Hotels—ROI



Base: 100 = December 2001
Source: Central Statistics Office

Ireland’s Reliance on International Tourism



Source: OECD, Fáilte Ireland

Potential Impact on Tourism in 2020

2020 Revenue by Sector	Revenue pre-COVID-19 € mn	Estimated Revenue COVID-19 €mn	Revenue Lost €mn	Jobs Lost
Hotels and Accommodation	2,270	570	1,700	46,060
Food & Beverage	2,850	710	2,140	57,650
Activities & Attractions	470	90	380	10,110
Transport in Ireland	1,040	100	940	25,340
Others	1,030	210	820	22,270
Overall	7,660	1,680	5,980	161,430
Jobs at risk in the air and sea transport sector not included above				

Source: Fáilte Ireland

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