

Opinium Thought Leadership

The impact of Coronavirus on the UK foodservice industry



Key findings

7 May 2020

Fieldwork dates: from 20th to 24th April 2020

Sample: 300 foodservice operators in catering, take aways, pubs, restaurants aged 18+

As restaurants, cafes and pubs shut their doors temporarily across the UK the future for those in the hospitality sector appears, at best, uncertain.

All of us have heard the numbers on the news. The figures which state the number of employees on furlough. The likelihood of permanent closures. The potential for long-term decline in the sector.

But among those numbers, there are also stories of hope, of opportunity and of adaptation. Of pubs and restaurants embracing delivery, customers shopping local, and operators banding together to provide free meals to key workers.

What then does the future hold for the chefs, the catering staff, the chain managers and their businesses? What support do operators need? And what, if anything, can suppliers do to help?

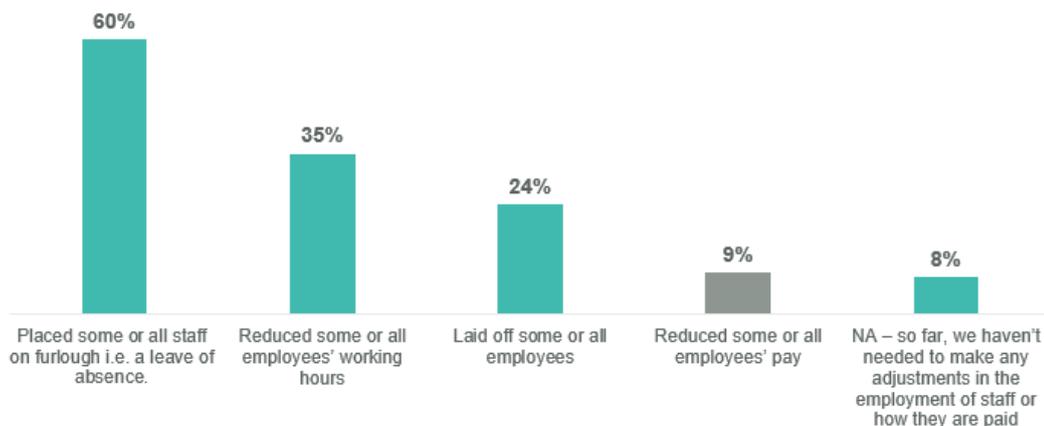
We felt it was time to ask those at the forefront of the industry: the operators themselves.

Storms on the horizon

The stark reduction in trade for most, if not all, operators has meant that **a third cannot see their business surviving beyond July** if current trading conditions continue. However, variations in circumstances were high, with the average survival time for all businesses standing at 5.8 months from the end of April.

This has, as expected, had an inevitable impact on employment with three in five (60%) of operators working in businesses where some or all staff have been placed on the government furlough scheme. Over a third of business (35%) have reduced all or some staff working hours and nearly a quarter (24%) have made redundancies due to the impact of the pandemic.

Which of the following, if any, employee-related adjustments has your business made in response to the current Coronavirus situation?

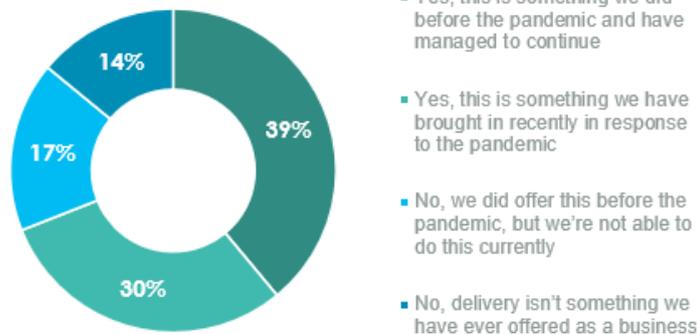


OP_Q6. Which of the following, if any, employee-related adjustments has your business made in response to the current Coronavirus situation? Base: 300

Responding to the challenge

The foodservice industry has not, however, been sitting back. The government’s announcement of a lift on the restrictions surrounding takeaway services for pubs and restaurants coupled with the need to provide an on-going source of income has seen **almost a third of businesses seize the opportunity and pro-actively start a takeaway service**. 39% were offering a takeaway service before the pandemic and have continued to do so. This vital revenue stream has, however, been curtailed for 17% of businesses who have been unable to continue to maintain their existing takeaway services during the lockdown.

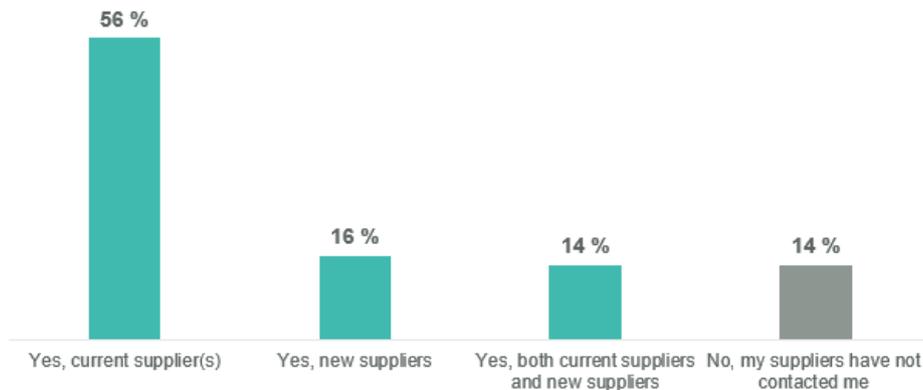
Are you currently offering a takeaway service?



OP_Q3. Are you currently offering a takeaway / delivery service? Base: 300

For those working with operators, knowing how and where to respond has been difficult. Nevertheless, over four in five (86%) of operators report that they have been contacted by suppliers during this period with a third stating that new suppliers have reached out. Existing relationships are also being continued, with 70% saying their current suppliers have been in touch.

Have suppliers got in touch with you since the government lockdown was put in place?



OP_Q7. Have suppliers got in touch with you since the government lockdown was put in place? Base: 300

As competition between suppliers to support, or perhaps just to sell to operators, seemingly grows, contact preferences become increasingly important. During lockdown, the overwhelming majority of operators would prefer to be contacted via email (61%), although a sizeable number (30%) would prefer their suppliers pick up the phone. Despite the boom in video calls amongst members of the public, operators tend to shy away from this medium, with only 5% stating that this would be their preferred mode of contact with suppliers.

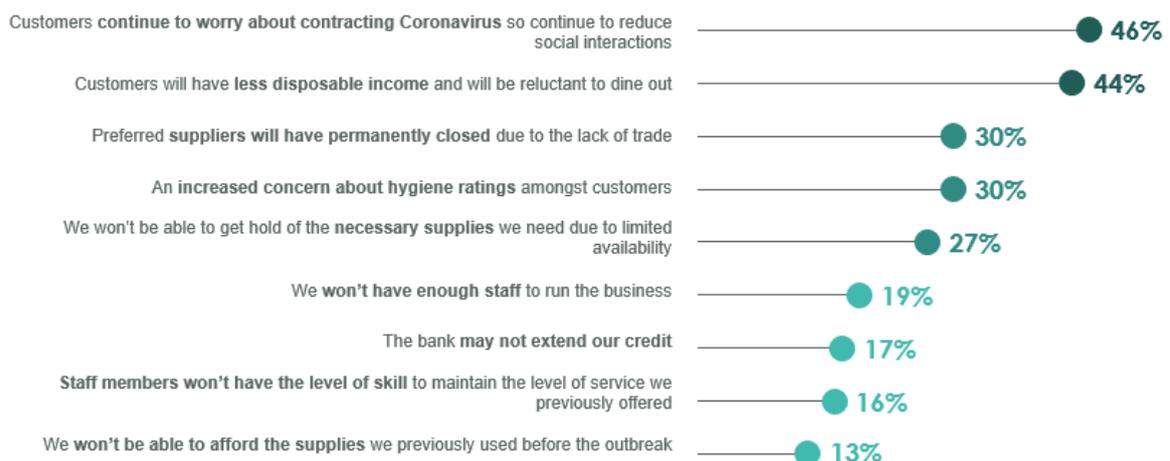
Getting back to business

So, when can we expect things to be 'back to normal'? Well, for operators, the consensus is that it will take five months to return to the level of service offered pre-lockdown, with **a third (34%) believing that it will take between six months and a year to regain a sense of normality.**

Given the economic fragility of much of the hospitality sector this is an alarming prospect. But there are ways brands and businesses can combat this.

When asked what their concerns were for when the current restrictions are lifted on foodservice businesses, operators suggested their main fears centre on consumer behaviour change. Customers continuing to worry about Coronavirus and therefore carrying on social distancing came top (46%), followed by a feeling that customers will have less disposable income and consequently will be reluctant to spend on dining out, second (44%). Furthermore, a belief that an increase in consumer concerns around hygiene in foodservice establishments could also prove difficult to manage (30%).

What would you say are your main concerns for when the business is able to reopen?



OP_Q5. What would you say are your main concerns for when the business is able to reopen? Please select a maximum of 3 answers. Base: 300

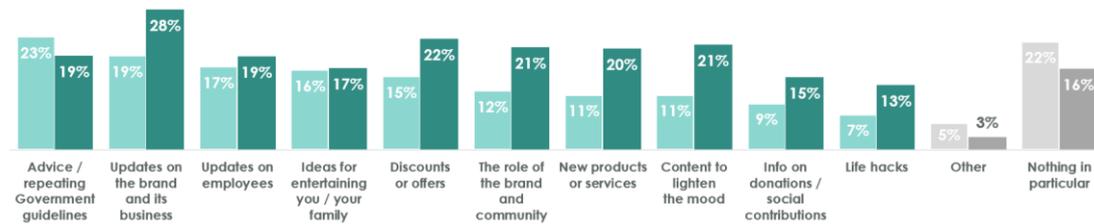
Contrast these concerns with the type of communications consumers want to receive from pubs and restaurants however and it is clear that the public are looking for the foodservice industry to take the lead in allaying these fears. Yes, repeating government guidelines is still important for this sector with 19% of those surveyed stating this reassurance remains crucial, but as finances tighten, 22% of the

population want to see establishments pro-actively respond with discounts and offers to entice them to use their services, and increase of 7% over the past month.

What sorts of communications would you like to hear more of?

From the week of lockdown to 4 weeks in

● 20th - 24th March ● 17th - 20th April



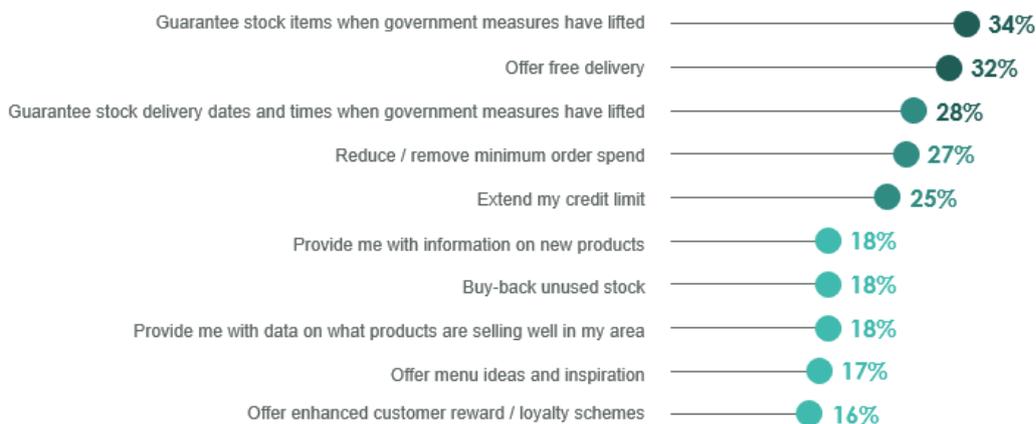
Which sorts of communications would you like to hear more of from these types of brands?
Base: Those who would like to hear more from companies in this sector: 262

Focusing on what you're good at: how suppliers can help

Potential future customer behaviour was not the only area of concern for operators, with 30% stating that they're worried that their preferred suppliers will have had to permanently shut because of the Coronavirus pandemic, and 27% claiming that limited availability on the supplies they need would be an issue they would likely face when needing to re-open fully.

Unsurprisingly then, the most popular support options relate to delivery and stock. Over a third (34%) say that suppliers guaranteeing stock items when government measures have lifted would make the biggest difference to them and their business.

There several ways suppliers could support you during this difficult time. Please select a maximum of three options below that would make the biggest difference to you and / or your business?

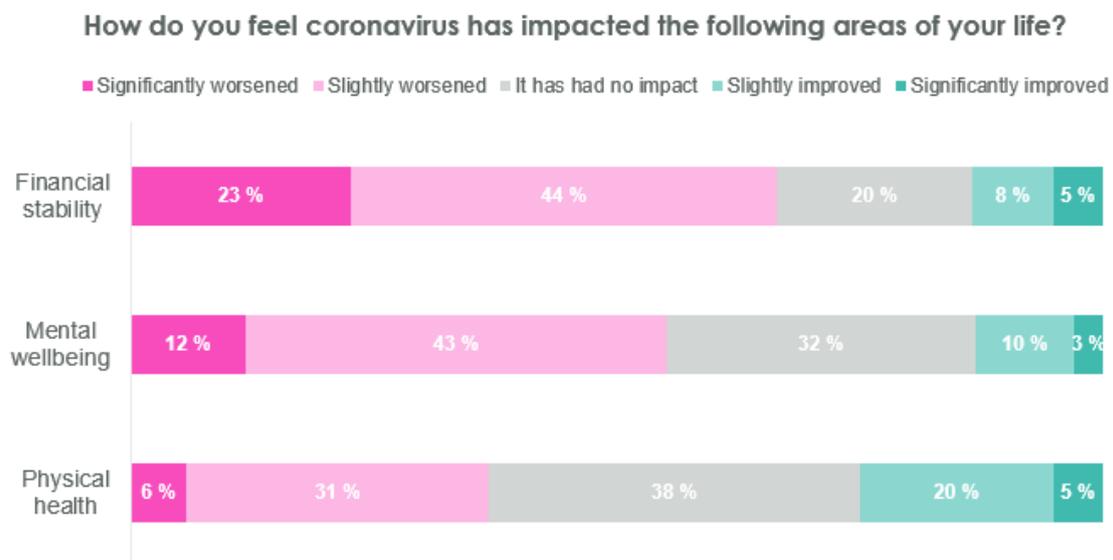


OP_Q8. There several ways suppliers could support you during this difficult time. Please select a maximum of three options below that would make the biggest difference to you and / or your business?
Base: 300

It's worth remembering, this is personal

It's fair to say that the foodservice industry is not known for its outstanding work / life balance, but the pandemic and the resulting lockdown have brought this to the fore. Over two thirds (66%) claim their financial stability has worsened as a result of the Coronavirus, of which 23% say it has significantly worsened.

The personal impact of the crisis is also hitting home with 55% of operators saying their mental wellbeing has worsened over the lockdown period. Yet, whilst physical health has also worsened for over a third (37%), 25% of operators have reported an improvement in their physical health, likely due to a reduction in working long and often antisocial hours.



OP_Q10. How do you feel coronavirus has impacted the following areas of your life? Base: 300

Whilst we are still in a lockdown, there are signs however that restrictions may soon be lifted, likely in phases. There is obviously a lack of clarity over what that might mean for the foodservice sector and so a strategy centred around adaption and flexibility will be essential for operational success. There are several ways operators can ensure preparedness for the months ahead:

- **Expect a 'stop-start' operations situation.** We can't make assumptions on how consumers will react once restrictions are lifted, variability in customer volumes is likely.
- **Adapt and improve technology.** Online ensures an ongoing revenue stream and should be prioritised. Physical outlets will need to reassure on health and safety, removing cash payments in favour of 'non-touch' methods such as payment apps or Apple pay.
- **Make visible your approach to health and safety.** Hygiene will be a key concern, the perception you are in control of this will be essential for consumer confidence.
- **Ensure staff feel supported by reassurance and constant communication.** It's not only consumers who will worry about walking back into a foodservice outlet. Make sure there is an open forum for concerns, a strategy for staff requirements and transparency on business status.

Opinium regularly conduct qualitative and quantitative research with decision-makers within the foodservice industry, including a monthly online chef omnibus which goes to 200 operators in the UK. To find out more about our work within foodservice, please email: emilydickinson@opinium.com, carolynomeara@opinium.com and sophieholland@opinium.com

About Opinium

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