



All-Day & Casual Dining

Research undertaken by CGA & Bidfood



Bidfood Foreword



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With eating out now ingrained within the lifestyles of consumers, there has undoubtedly been a surge of restaurant openings to cater for more diverse tastes, with figures now highlighting there are 21% more restaurants than there were in 2011. The important challenge for operators is to stand out from the crowd and differentiate themselves in a congested marketplace, where a plethora of new, exciting outlets continue to raise the bar in terms of quality and consumer experience.

Here at Bidfood, we aim to support our customers and provide impactful insight on the complex foodservice industry, which is why we teamed up with CGA to explore the all-day and casual dining market from both a volumetric and consumer perspective. This has allowed us to look at the market through consumers' eyes and understand the nuances, frustrations and potential areas of opportunity in this ever-expanding area of the market.

In particular, we found that consumers are increasingly likely to eat out at breakfast, but that this 'day-part' is a microcosm of the market as a whole; with operators scrambling to take full advantage of the perceived opportunity, but failing to fulfil the needs of consumers. We understand that this is a complex area but nailing the basics of coffee and a nutritious, healthy food offer is imperative to differentiation from the competition.

The increase in competition also brings an increased pressure on costs and to make the most of casual dining throughout the day, there is a need to make the best of the ingredients available to you. Additionally, consumers also tell us that they expect restaurants to operate in multiple 'day-parts' to tailor their menus depending on the time of day, whilst retaining an element of stability. We are constantly striving to bring our customers the best and most exciting products available, while our advanced logistics allows not only tailored scheduling and deliveries that work for you, but also provides inspiration, innovation and ingredients that fulfil the needs of a successful all-day dining operator.

We have set out some of the key findings of the research in this white paper, but if you have any further questions, or would like to see more from our studies and how it can help your business then please get in touch.

A handwritten signature in black ink, appearing to read 'T Adams', with a horizontal line underneath.

Introduction

It's often said that the eating and drinking out market is one that is "on the front foot," having had to adapt to survive and thrive throughout its history. Be it the smoking ban, financial crises or the advent of family dining, the industry has always improved when challenged. It remains ever-evolving and developing to keep up with consumer habits, working at the quickest pace of innovation. To survive, the industry must provide experiences that cannot be replicated at home. It must address increasingly complex demands and reflect changing social dynamics such as the blurring of occasion, outlet and meal times.

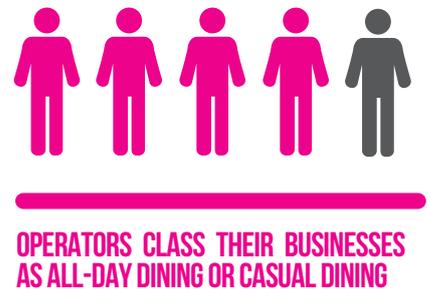
The consumer mega trends of convenience, quality and availability have given rise to two of the most talked about, yet not fully understood terms in the industry; casual and all-day dining. Both are examples of how the market cannot stand still, and how understanding of consumer decision-making and behaviour is vital in succeeding in the market.

As a result, Bidfood has commissioned research with CGA to further explore the formats, delving into habits within the two areas, consumer expectation and ultimately, how to succeed as a casual or all-day dining operator.

In this white paper we review the key themes from the research, which was conducted during the first half of 2017 and includes in-depth interviews with leading figures in casual and all-day dining, online quantitative surveys of over 10,000 consumers, focus groups with those at the forefront of the casual and all-day dining trends, and surveys of business leaders within the industry.

3 IN 5

CONSUMERS WHO VISIT "NEW WAVE" OR "FAST CASUAL" BRANDS ARE MILLENNIALS



39% OF BRITISH DINERS HAVE HEARD OF THE PHRASE "CASUAL DINING"



Eating around the clock

With over 30 million Britons eating a sit down meal at a non-traditional 'day-part' out of home in the past six months, it's evident that consumer habits are shifting away from solely eating out at lunch and dinner. Taking advantage of extended hours of business may seem a no brainer, although there are some significant considerations operators need to take account of when leveraging these trends:

Key finding



- **Breakfast continues to be an area of growth in the market**, with over 1 in 3 consumers who eat out at breakfast stating that they do so more than they did two years ago. This aligns with predictions from senior figures within the industry, who rate this as the 'day-part' with the most opportunity, perhaps due to the 10% increase in consumers eating out at breakfast since October 2014.

How to make all-day dining work

- **Despite the clear opportunity, breakfast is complex.** Convenience driven, the needs of consumers at breakfast are notoriously difficult to fulfil; citing a filling meal, healthy food, and high quality hot drinks as more important than at other day-parts, along with an expectation of value. Simple, natural ingredients, along with a coffee offer that is ready to take out, is the first step to tapping into the increasing potential of breakfast customers.

In response to this we've developed a range of products for breakfast-on-the-go. We have launched our own Black + White Coffee Co brand, developed a food-to-go breakfast and packaging offer, expanded our range to include healthier drinks and snacks, and developed a steering group internally to look at lower sugar products. Healthier options are very much a key feature of our innovation pipeline and at the forefront of the ranges our chefs develop.

Key finding



- **There are significant cost pressures to operating all day**, from both an operational and logistical perspective. With both staff costs and engagement being noted as the biggest challenge to all-day dining by operators, alongside food price inflation and a potentially different portfolio of ingredients, opening earlier (or later) has significant cost implications. Despite the ability to sweat the venue assets throughout the day, additional and incremental cost pressures are associated.

How to make all-day dining work

- **Location and knowledge of the local customer base is imperative.** Without sufficient consumer demand across at least five trading days, it's unlikely that outlets will succeed. As such, local market knowledge is essential, including proximity of office locations, footfall and local attractions. Understanding competition by 'day-part' and flexing the offer as appropriate will set up outlets for success throughout the day.

In response to this we've consolidated deliveries, are helping to manage stocks, reduce waste and create delivery efficiencies, are managing price increases wherever we can, as well as providing marketing support to customers, and have developed our promotional offer and reward platform (our Safari programme) to ensure customers get the most out of working with us.

We are also launching a range of tips for chefs and outlets to be more efficient to help customers drive greater margin from their menus through range rationalisation, product switching, market updates (particularly on seasonal products), and bringing in supplier support where it can make a difference.

Key finding



- **Consumers expect elements of stability within an all-day dining menu.** When asked about the ideal number of dishes on a menu by 'day-part', the average opinion ranges from 7.4 (at breakfast) to 13.0 (at early evening). By no means extensive, this suggests that consumers expect certain dishes to remain throughout the day. Indeed, 47% rate a stable menu as important in their perceptions of all-day dining outlets (the joint most important aspect).

How to make all-day dining work

- **Menu optimisation and development can be used to sweat assets.** Clever use (and reuse) of ingredients will drive cost efficiencies, provide clarity for consumers and maintain quality perceptions of operators. Storage and back room systems need to be designed with all-day dining in mind along with clever shift policies that removes the feel of set services and staff 'down time' between traditional eating and drinking day-parts.

We work closely with customers to share insight on key trends emerging from the wealth of research we have at our fingertips and through real life experience of these as they emerge on the high street in 'food safaris'. Our food development and chef teams take this a stage further helping to source, and scope new menus and dishes that help customers leverage these trends in a way that suits their operational model.

The flexibility in our approach to bespoke products and the breadth of our range, particularly the scale of British and regional products we offer, allow customers to really differentiate their offer.

We're also experts in managing the logistics behind menu changes, and working closely with suppliers not only to make these changes seamless, but also to minimise our own range and price change windows so that our customers can plan ahead, and see what's new in our range at relevant times in the year.

We help them keep a close handle on their own operational processes by restricting the ranges their outlets can order to ensure compliance across their brands, and by offering customers really insightful and comprehensive reporting that enables them to forecast effectively, manage waste and understand how their menus are performing.

Key finding



- **Low tempo occasions connect traditional meal times.** When choosing where to visit at mid-morning and mid-afternoon, a "relaxing atmosphere" jumps in importance for consumers, while speed of service falls. With over half of business leaders stating that ambience and atmosphere is a defining factor for all-day dining, environment and service style should reflect consumer demands.

How to make all-day dining work

- **Provide an energy boost to transform low tempo into high spend.** On the more relaxed occasions during the morning and afternoon, consumer dwell time, along with spend, can be increased with the provision of free Wi-Fi (the most important aspect in all-day dining for consumers), drinks refills including coffee, and USB portals to encourage work. Do this correctly and consumers may span multiple 'day-parts' and create incremental revenue opportunities.

The sort of insight and marketing support we share with customers allows them to really develop and promote these 'day-parts', for example, the right catering equipment, packaging and presentation, through to menu development and design, or through supplier support to enable free drink refills. It's critical for operators to differentiate their offering to be successful in their sector, and equally our added value, insight and advice is always relevant and tailored - where possible starting with site visits, feedback and recommendations to scope the opportunity.

Casual Dining

CGA defines casual dining as “informal eating out outlets, either with or without waiting staff, where food is typically served within half an hour of order, while drinks on offer include both alcoholic and non-alcoholic options. With no dress code, these venues are relaxed and informal”; Casual dining has without doubt been a buzz word of the industry over the past five years, however understanding of the term has not been quite so clear-cut.

Despite nearly four in five business leaders classing their outlets as operating within casual dining, just 64% of the same group believe that consumers understand the term. Was this lack of faith misplaced? When we asked consumers if they understood the term, the answer was a resounding no. Just three in ten consumers said they knew what casual dining meant, with many of those giving definitions which were not in line with the industry understanding.

However, does this matter? As with the rise of craft beer, with similarly perceived misconceptions around definition, consumption and footfall within casual dining has grown at a rate far higher than other segments of the market. An impressive total of 28 million adults visited a mainstream casual dining brand in the past six months, and there has been a net increase of almost 1,000 casual dining outlets within the market over the past six months.

Regardless of the definition, what is important for consumers is quality – the number one factor for choosing a casual dining brand is food quality. However, delving deeper, quality is expected throughout, from the service, perception of being fun, cool and exciting, the drinks offer and a healthy and fresh food offer.



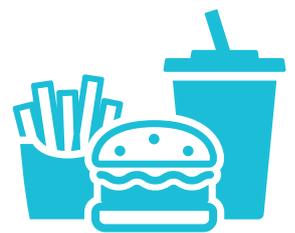
4 IN 10

CASUAL DINING CONSUMERS VISIT FOR A “QUICK BITE TO EAT”



78%

OF FOOD-LED OPERATORS IN THIS SECTOR CONSIDER THEIR OUTLETS TO TRADE AS CASUAL DINING



121% GROWTH

IN NUMBER OF NEW WAVE CASUAL DINING OUTLETS IN PAST TWO YEARS

GROUPS WITH UNDER 25 SITES HAVE OPENED 337 NEW OUTLETS IN THE PAST THREE YEARS



THE AVERAGE CONSUMER OF A FAST CASUAL CHAIN VISITS 13 DIFFERENT CASUAL DINING BRANDS EVERY SIX MONTHS



Delivering results

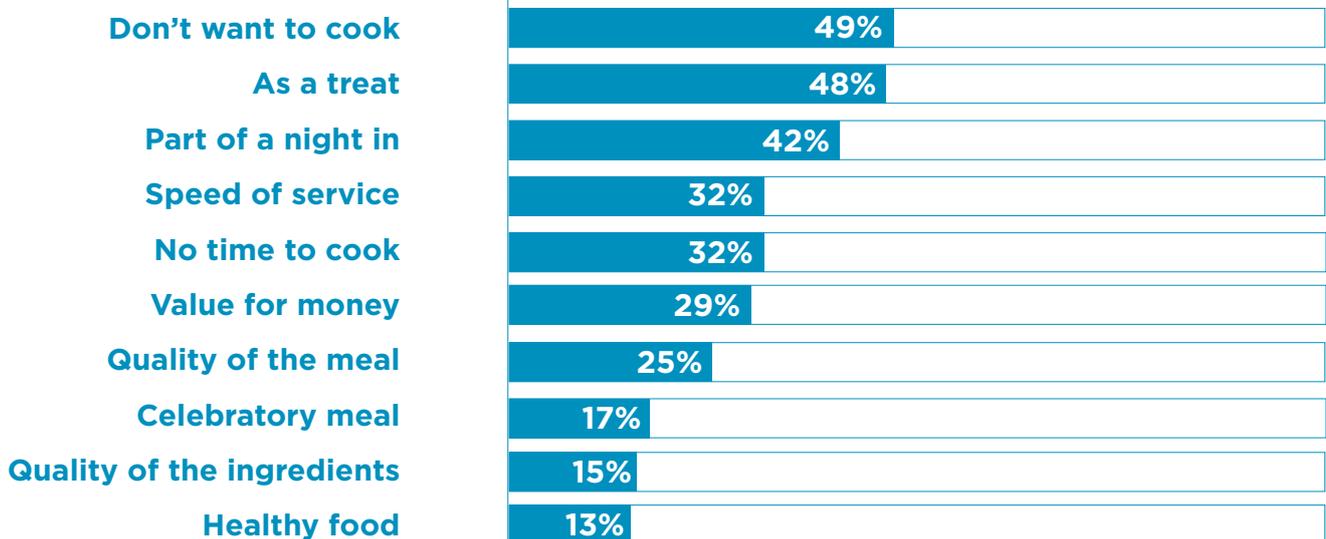
Undoubtedly, one of the key innovations of the casual and all-day dining markets over its fledgling history has been the influx of delivery services and the consumer appetite to consume restaurant quality food at home or on-the-go. Initially seen as a potential disruptor, the industry has now embraced the delivery market to the point where it is now seen to generate incremental revenue rather than steal sales. Three in 10 consumers claim to have ordered delivery from the casual and all-day dining outlets they visit, and over 40% say that they do so at least weekly. Recent figures from Deliveroo show 114% growth at lunchtime, highlighting the potential for increased frequency of functional delivery occasions, leading to more widespread penetration and usage.

However, there are still barriers to overcome for outlets to take full advantage of the opportunity that delivery evidently provides. When asked what they would like to see from delivery in the future, two themes were apparent from consumer responses; a better speed of service and higher quality of food when it arrives. This correlated with the reasons why those who haven't tried delivery hadn't done so; a concern that food would arrive cold and a belief that the food was better quality in restaurants.

Given that many delivery occasions are treat focussed, as well as functional, it is vital that operators continue to work with delivery services to better provide the restaurant quality expected in order to ensure repeat purchase, and to make the most of the incremental opportunity delivery can bring.



Occasion usage for delivery from all day dining or casual dining restaurants





About Bidfood

As one of the UK's leading foodservice providers, we share our customers' passion for great food. But our passion doesn't stop there. We are also 100% dedicated to delivering service excellence to help our customers succeed and grow.

- Our 13,000 strong product range includes the best of both own brand and leading foodservice brands.
- Our 22 depots operating right across the UK allow us to offer a truly unique local service – and the majority of our depot teams are no more than 80 miles away from their customers.
- ViVAS is our comprehensive range of over 250 carefully selected wines, as well as beers, ciders and spirits, developed in partnership with Bibendum, the UK's leading independent wine merchant.
- We don't stop at just food and drink. We also provide a range of quality catering equipment, from cutlery to cookware, cleaning and disposables.

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About CGA

CGA is the data and research consultancy of choice for the out-of-home food and drinks market, specialising in market measurement, consumer research and location planning.

What sets CGA apart is its unique ability to access the three key types of data (supply, demand and consumer) and then triangulate this data to provide the most complete and accurate picture of anyone in the out-of-home sector.

From its offices in Manchester, United Kingdom, and Chicago, United States, CGA experts work with many of the world's biggest consumer brands, including drinks manufacturers, consumer brand owners, food suppliers and wholesalers as well as pub, bar and restaurant retailers and government entities.

Founded in 1985, CGA's mission is to use its phenomenal data and expert insight of the leisure industry to give these brands the competitive edge, and get them where they want to be, faster.

To learn more, visit: **www.cga.co.uk**.

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