# Irish Foodservice
Market & Consumer Insights

2021

BORD BIA
IRISH FOOD BOARD

# Table of Contents

# Section One:
## Introduction

BORD BIA
IRISH FOOD BOARD

# An Industry Starting to Recover

The Irish foodservice industry saw significant disruption in 2020 after eight years of consecutive growth. Overall turnover on the Island of Ireland fell by 48% as Covid-19 created the most momentous challenges this industry has seen in generations. Foodservice, which had been an €8.6 billion industry across the island of Ireland in 2019, fell to €4.5 billion as substantial restrictions were imposed and as consumers made dramatic changes to their behaviour and routine.

Throughout the heights of the pandemic, Bord Bia has been at the forefront of providing ongoing, relevant insights to the foodservice industry through fact-based research and thought leadership. Based on research conducted in May 2021 in partnership with global research firm Technomic, it was forecasted that foodservice would start to see a gradual recovery in 2021, although expectations were that the industry would require several years to fully reach pre-pandemic level of turnover across the entire industry.

Building on those industry forecasts issued as part of a White Paper in June 2021, Bord Bia and Technomic have revisited the situation across all foodservice sectors and have updated and revised the performance for the industry in 2021. Expectations for 2022 have also been revised.

In Summer 2021, with a number of restrictions lifted and consumers slowly returning to routine, the industry started to recover. However, at the time of going to press, significant challenges still remain in light of rising Covid-19 cases, and while optimism is higher than last year, recovery has been uneven across the various industry sectors.

Note that while these figures are shown as full-year 2021 results, they presume to forecast the last two months of the year, and there remains some variability in recent weeks.

As noted, this report also explores and updates the expectations regarding likely growth rates for 2022.

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

# Consumer Research

This year's Insights report also includes feedback from the Irish consumer.

We conducted a quantitative survey amongst a nationally representative sample of n=1,083 adults in Republic of Ireland (ROI). This was then boosted with n=334 adults in Northern Ireland (NI). A total sample of n=1,417 adults was achieved.

This is the first of three planned waves of research and will act as the benchmark for the future waves.

Fieldwork was conducted between October 21st-November 2nd, 2021.

This data was collected at a time when Covid-19 restrictions were being eased somewhat and many people were embracing the relative "normality". Since then, some restrictions have been re-instated which have anecdotally dented the progress previously observed.

OPINIONS

This phase of the research was conducted by Opinions, a full-service market research agency, in conjunction with Bord Bia.

Findings included in this report represent an abridged version of a more detailed deck. A copy of the full Consumer Insights research is available on request from Bord Bia.

# Forecasting 2021 and 2022

As noted earlier in the Introduction, forecasting in today's volatile environment can be challenging, given the uncertainty around the virus and the resulting knock-on effect for economic activity. While Ireland boasts one of the highest vaccination rates of any European nation, as the country enters the winter months, questions remain around the likelihood of introducing additional restrictions. Forecasting in this environment remains somewhat challenging, given shifts in government policy and consumer attitudes, and much variability still exists in potential industry growth outcomes in the next 12-18 months. However, unlike the 2020 report, this report provides outlook for 2021 and into 2022 without a "best" and "worst" case option.

There are still a number of assumptions that are inherent in these forecasts, and the figures shown throughout this report should still be considered a "middle" case of various best and worst case options. There are also somewhat different assumptions for ROI and Northern Ireland, although the general direction was similar for both jurisdictions.

The assumptions used to generate these scenarios are shown in the following 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.

| 2021/2022 SCENARIO FACTOR | EXPECTATIONS BUILT INTO MODEL | VARIABLES THAT CAN IMPACT |
|---|---|---|
| COVID-19 medical advances | • Continued acceleration of vaccine rollout, with 90%+ of Irish vaccinated by year end<br>• Plateauing of hospitalisations and no long-term increase in ICU usage | • Speed and roll-out of booster vaccinations<br>• Variant mutations and varying levels of effectiveness of vaccine, which in a Worst Case Scenario may precipitate additional stay-at-home orders or dine-in closures in the future |
| Economic performance | • Recovery on track with European Commission and Bank of Ireland projections (the EC expects 5.1% GDP growth in 2021)<br>• Continued strengthening in employment figures<br>• VAT increase for foodservice planned for 2022, perhaps acting to restrain some pent up demand in the 2nd half of 2022.<br>• Government supports potentially being re-introduced in early 2022 but gradually easing by 2H 2022 | • Speed of economic recovery (i.e., quicker or slower than forecasted)<br>• Labour issues and availability throughout foodservice, including a return of foreign workers to the Island of Ireland.<br>• Cost environment and the potential impact on consumer spending, particularly in the autumn and into 2022<br>• Supply chain issues that may have a significant dampening impact |
| Societal movement | • Some return to the offices began during summer and fall of 2021; will continue into 2022 at a gradual pace<br>• Universities and primary/secondary schools open for in-person teaching in the autumn<br>• Borders re-opening and international travel beginning in the autumn of 2021 | • Potential new restrictions introduced by the Irish government<br>• Pace of adding back capacity to international flight routes, which can impact tourism and business travel |

# Economic Conditions Drive Foodservice Outlook

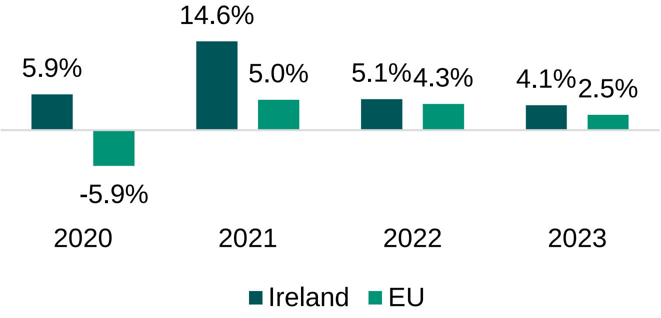
## Key Indicators Impacting Current and Future Industry Growth

### Economic Growth Expected

The European Commission's economic figures for Ireland show that—after a fairly positive 2020 (despite the pandemic)—Ireland's growth has accelerated in 2021 and will likely moderate somewhat in 2022 and 2023.

Still, overall figures continue to exceed the broader European Union. This has been driven by exports, but also worth noting that consumption within Ireland nearly reached pre-pandemic levels in the second quarter of 2021.

**Gross Domestic Product, Real**

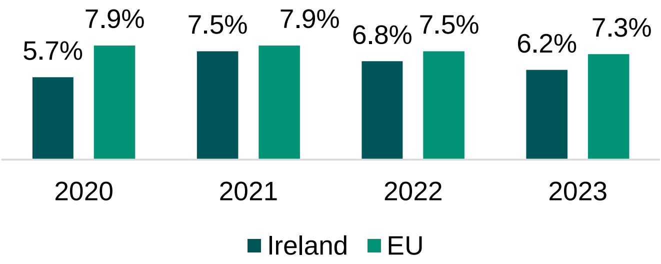



### Unemployment Situation

Ireland's annual unemployment rate rose from 5.7% in 2020 to 7.5% in 2021 but is expected to stay below European averages. The labour market in Ireland has benefited greatly from government supports.

However, despite a gradual lowering of the unemployment rate, there has been an uneven impact across various sectors of employment, and as discussed later in the report, foodservice has faced significant challenges in finding, recruiting and retaining employees.

**Unemployment Rate**




### Tourism Expectations

While economic growth forecasts are positive, the foodservice industry in particular is heavily reliant on travel and tourism. According to the Central Statistics Office, September arrivals in Ireland were still less than half of pre-pandemic visitors and are down nearly 40% for the full year 2021. International routes to both Dublin and Shannon airports remain much more limited, and any plans to return to the number of pre-pandemic routes remains unclear. As outlined below, spending by international visitors has shown a cumulative loss of €8.1 billion since 2019—a figure that has not been made up by Irish "staycation" visits. The pandemic and related restrictions have cost the Irish tourism industry over €13 billion in total in lost revenue.

| | 2019 Spending | Est 2020 Spending | Projected 2021 Spending | Cumulative Loss |
|---|---|---|---|---|
| Overseas Visitors | €5.1B | €1.0B | €1.1B | €8.1B |
| Fares to Irish carriers | €1.8B | €0.3B | €0.3B | €3.0B |
| ROI visits | €2.0B | €0.9B | €1.2B | €1.9B |
| NI visits | €0.4B | €0.2B | €0.2B | €0.4B |
| **Total** | **€9.3B** | **€2.4B** | **€2.8B** | **€13.4B** |

Sources: European Commission, CSO, Fáilte Ireland, ITIC

# Section Two:

## Executive Summary

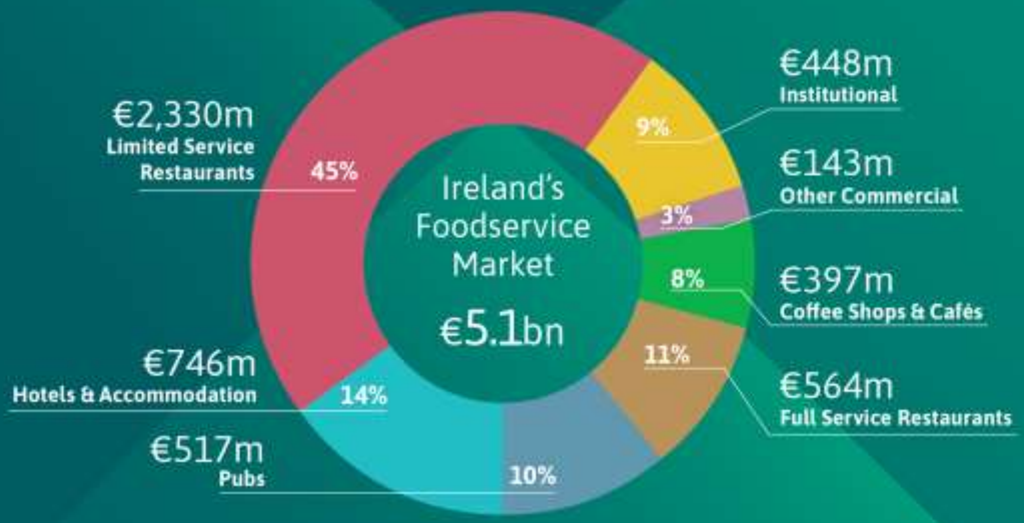
BORD BIA
IRISH FOOD BOARD

**BORD BIA**
IRISH FOOD BOARD

# 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.

bordbia.ie




Source: 2021 Irish Foodservice Market & Consumer Insights Report

**Majority of spend is taking place in ROI**
€3.7bn
or 72.5%

**Balance in NI**
€1.4bn
or 27.5%

**The value split between Commercial and Institutional Channels is**

91% : 9%

**2022**
PREDICTED GROWTH RATE:

**52.9%**

**from €5.15BN to €7.86BN**

## 8 Critical Factors shaping the Future of Foodservice in Ireland

- 'Big Three' barriers to growth
- Ongoing restrictions
- Return of international travel
- Off-Premise initiatives
- Eating out Experiences
- Workforce remains unsettled
- Changing consumer priorities
- Future consumer demands

# Total IOI Foodservice Industry

## Consumer and Operator Spend in 2021

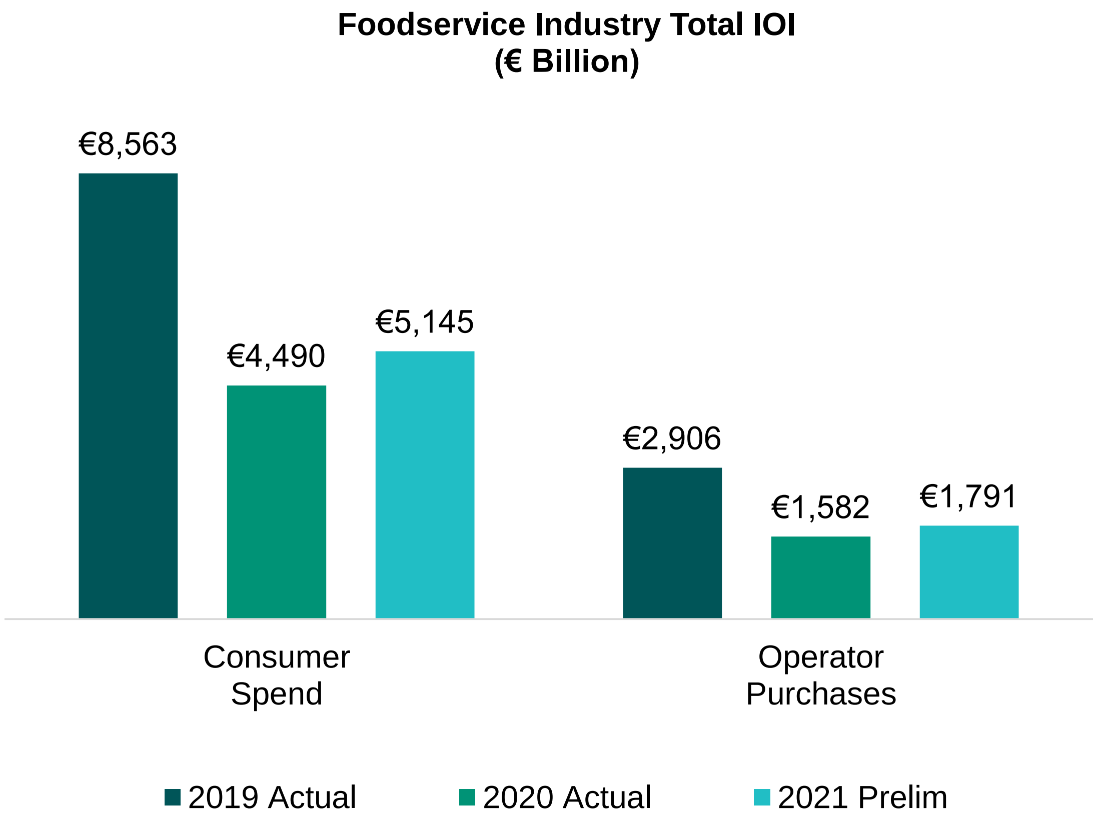
The value of the Irish foodservice industry for 2021 is estimated to be €5.15 billion in terms of consumer expenditure and €1.79 billion in terms of operator purchases. This includes both the value of the Republic of Ireland and the converted value (from Sterling to Euro) of the Northern Ireland foodservice market. Importantly, figures in this report *exclude* alcohol sales.

Note that when this report defines “consumer spending,” the term 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.

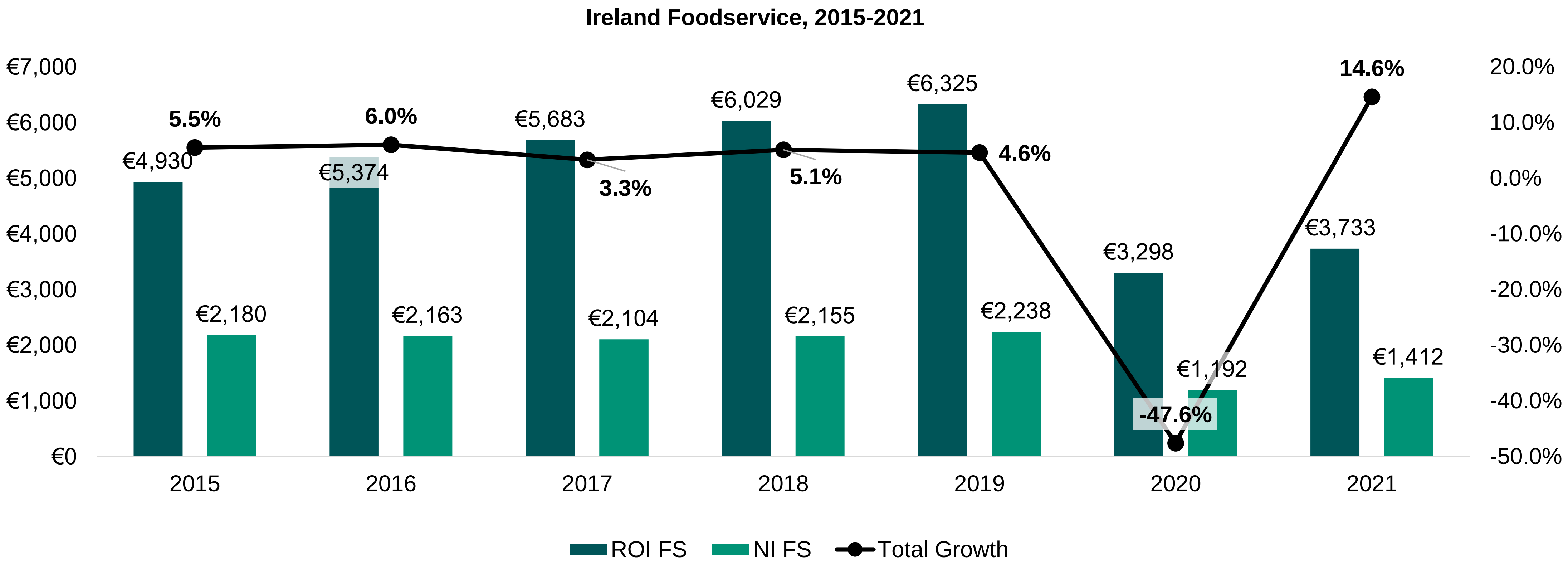
On an overall basis, operator purchases represent circa 35% of the value of all consumer expenditures in the IOI foodservice industry.




Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

# A Review of the Foodservice Industry in Ireland

## Industry Size and Growth, 2015-2021




Source: Bord Bia, Technomic
The values for Northern Ireland have been converted to Euro based on average conversion rates for each year
Note: Figures for previous years have in some instances been updated

# Summary of Sector Growth/Decline

## 2019, 2020 and 2021

What was once a relatively strong growth industry saw significant declines in 2020. Most notably, pubs, hotels, full-service restaurants, other commercial establishments and B&I saw the biggest contractions. As previously noted, the industry contracted by nearly 48% in 2020.

In 2021, growth has been moderate, but positive for most sectors. Still, the industry will only reach 60% of pre-pandemic turnover levels in this calendar year and is expected to not reach full recovery until 2023 at the earliest.

- Commercial foodservice is expected to see 16.1% growth, with double-digit growth in most sectors (with the exception of pubs).
- Institutional foodservice is slower to recover in 2021; this is due to continued declines in B&I and softness in the Education sector. In total, Institutional foodservice will grow less than 1% in 2021.

| **2021 Growth Scenarios IOI** | **2019** | **2020** | **2021** | **Index of 2021 Recovery (2019=100)** |
|---|---|---|---|---|
| Limited Service | 5.0% | -33.2% | 16.4% | 78 |
| Quick Service | 4.8% | -33.7% | 17.4% | 78 |
| Fast Casual | 5.6% | -47.7% | 15.8% | 61 |
| Food To Go | 5.8% | -25.2% | 12.4% | 84 |
| Full Service | 4.7% | -56.0% | 23.3% | 54 |
| Pubs | 2.0% | -64.6% | 3.1% | 37 |
| Hotels & Accommodations | 5.8% | -32.0% | 14.0% | 49 |
| Coffee Shops/Cafes | 6.1% | -57.3% | 20.9% | 82 |
| Other Commercial | 6.3% | -69.3% | 41.3% | 43 |
| **Total Commercial** | **4.7%** | **-48.1%** | **16.1%** | **60** |
| Business & Industry | 4.5% | -62.6% | -17.4% | 31 |
| Education | 2.5% | -9.9% | 2.0% | 54 |
| Healthcare | 3.2% | -57.8% | 27.6% | 92 |
| All Other | 3.1% | -4.2% | 4.8% | 100 |
| **Total Institutional** | **3.5%** | **-41.7%** | **0.6%** | **59** |
| **Total Foodservice** | **4.6%** | **-47.6%** | **14.6%** | **59** |

Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

# Quarterly Recovery Summary

## 2020 and 2021

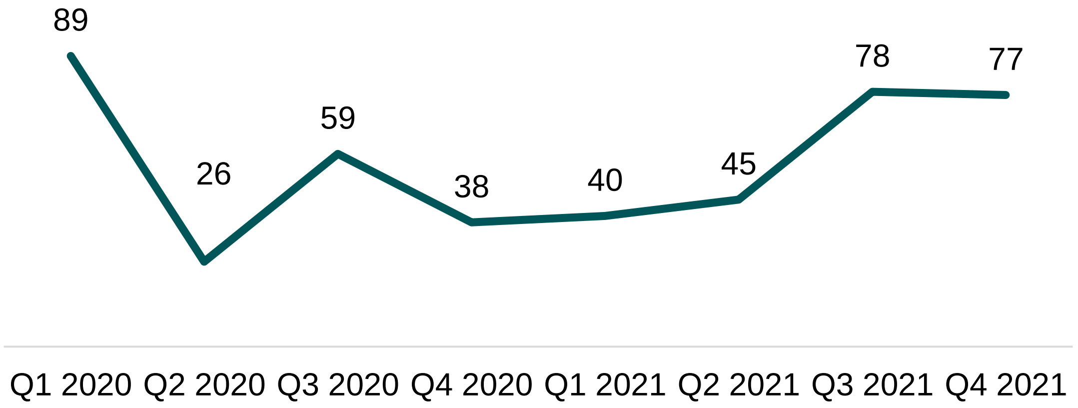
The index shown on the previous page for each sector indicates the full year's revenue compared to pre-pandemic. However, the industry is also seeing significant differences quarter by quarter.

The first 6 months of 2021 saw continued restrictions in place across many sectors; outdoor dining was finally opened for restaurants in June, and indoor dining was allowed at restaurants in July. The dates in Northern Ireland were earlier, but in general the first half of 2021 was much worse than the second half across all of the Island of Ireland.

With summer holidays and a more relaxed operating environment, the third quarter saw rapid expansion. The fourth quarter will likely see continued upward trends, although the pace will moderate, particularly as rising caseloads and some holiday cancellations are impacting December revenue figures.

The chart shows 2020 and 2021 quarterly indexes (compared to 2019 turnover levels) for the entire island of Ireland. Additional detail by sector can be found in the Channel Analysis section.

**Quarterly Turnover—IOI**
**Indexed to Same Period in 2019**




Source: Bord Bia, Technomic

# Growth Forecast for 2022

In looking ahead to 2022, there remain a wide range of potential outcomes for the industry. Some renewed restrictions implemented in November 2022—curfews, continuation of social distancing—indicate that a full re-opening may still be in the distance. Still, expectations are generally positive, and with hopes for a more "normal" tourist season and some return to offices and a more normal routine in 2022, the middle case scenario for growth indicates an accelerated pace of recovery.

Certain sectors are expected to return to pre-pandemic turnover levels, including most Limited Service sectors, coffee shops, and some Institutional feeding that was less impacted by the pandemic.

However, certain other sectors will remain well below pre-pandemic levels for several years—this includes hotels, pubs and B&I—as longer term trends impacting these sectors indicate a slower return to pre-pandemic activities. Full service restaurants should see some strong growth but will also remain 9-10% below 2019 levels.

| 2022 Growth Scenarios IOI | 2022 ROI Forecasted Growth | 2022 NI Forecasted Growth (in Euros) | 2022 Total IOI Forecasted Growth | Index of Recovery (2019=100) |
|---|---|---|---|---|
| Limited Service | 31.5% | 23.2% | 29.4% | 100.6 |
| Quick Service | 31.8% | 23.1% | 29.5% | 100.7 |
| Fast Casual | 65.0% | 38.8% | 57.8% | 95.6 |
| Food To Go | 22.2% | 15.6% | 21.1% | 101.7 |
| Full Service | 73.4% | 57.4% | 68.3% | 91.4 |
| Pubs | 141.4% | 72.9% | 119.8% | 80.2 |
| Hotels & Accommodations | 78.7% | 67.0% | 75.7% | 85.5 |
| Coffee Shops/Cafes | 28.0% | 13.6% | 24.2% | 102.2 |
| Other Commercial | 122.2% | 80.1% | 111.9% | 91.9 |
| **Total Commercial** | **57.6%** | **42.0%** | **53.4%** | **92.4** |
| Business & Industry | 130.8% | 104.4% | 123.5% | 69.1 |
| Education | 84.3% | 86.3% | 85.0% | 99.5 |
| Healthcare | 7.2% | 5.8% | 6.7% | 98.1 |
| All Other | 2.4% | 3.3% | 2.6% | 103.0 |
| **Total Institutional** | **50.6%** | **40.0%** | **47.0%** | **86.2** |
| **Total Foodservice** | **57.1%** | **41.8%** | **52.9%** | **91.9** |

Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

# Irish Foodservice

## Three Primary Challenges Impacting Recovery

As the industry starts to show positive momentum and growth (and with expectations for continued strengthening in 2022), there are several key considerations that have created significant challenges, not only to foodservice operators, but to all members of the industry. Going forward, there is strong concern that these issues could have an impact on how robust the recovery is in 2023 and beyond.

Note that these issues are global—while they have a specific impact on the Irish foodservice industry, the solutions are complex and will likely require global solutions.

1. **Labour shortages**—the industry has been plagued by shortages in culinary staff for some time, but today the labour shortage is much more widespread. Beyond chefs, operators report challenges in finding both front- and back-of-house staff; distributors are challenged with warehouse pickers, drivers and other support staff, and the supplier community is challenged with finding production staff.

   These issues are partially driven by the return of international employees to their home countries during the pandemic; a number of interviewees also attribute the state support provided to workers in 2020 as a partial rationale. However, these shortages are appearing in foodservice industries across the global, and it appears that many workers have moved out of the industry with a reluctance to return.

2. **Supply chain disruption**—the Irish foodservice industry has been preparing in some ways for a disrupted supply chain ever since Brexit was approved by UK voters in 2016. However, a global imbalance and unexpected demand has stretched supply chains beyond any contingency plan, leaving the industry scrambling to find product.

   To a large degree, this has been impacted by labour shortages, with manufacturers unable to run production at full capacity. Production challenges in the UK, Europe, Asia and other areas have created a knock-on effect, and with ports overcrowded, shipping containers misaligned and undermanned logistics, product shortages have become a critical challenge facing all members of the foodservice industry.

3. **Rapidly rising inflation**—global commodity costs have been skyrocketing, and coupled with supply chain issues/shortages and increasing labour costs, the industry is operating in an environment of elevated costs across the board. While these costs have started to be passed onto consumers in the form of higher menu prices, the full impact has not yet been seen in 2021, and it's likely that further price increases will be necessary in 2022 and beyond to address steep rises in input and labour costs.

# Commercial Channels

## Overarching Trends

Beyond the “Big Three” issues noted on the previous page, operators have responded to the pandemic, changing consumer demands and behaviours, and government restrictions with a number of initiatives and investments. Much of this is a continuation of activities started during the pandemic (or in some cases, pre-pandemic). The following are the core themes identified during the 2021 research process:

1. **Shift to off-premise**—takeaway and delivery continues to expand and grow, particularly among Limited Service operators. Full service operators that invested in these areas continue to see above-average growth in off-premise.

2. **Menu evolution**—while menus were reduced in size during 2020, some operators report a move back to more complete menus. However, supply chains issues have required operators to display a much higher degree of flexibility, as their preferred products and ingredients are often unavailable.

3. **Investment in technology to facilitate ordering and collection**—technology has been an enabler for increased sales, and many operators have apps or mobile ordering solutions to enable a more seamless ordering process. Beyond this, kiosks are appearing in more LSR sectors, which reduces labour needs and allows some menu flexibility if necessary.

4. **Outdoor dining expansion and mobile units**—as indoor dining had been restricted for much of 2020 and into 2021, operators invested more in outdoor dining spaces (particularly those operators that had space—mostly outside city centres) and mobile units. Coffee shops saw an increase in trucks and horse boxes, and a number of operators worked to develop mobile solutions to bring their food to consumers outside the restaurant.

5. **Reconfiguration of stores/dining facilities remains in place**—operators have not yet gone back to full capacity; some sectors like pubs remain particularly challenged as limits on the number of customers remain in place.

6. **Increased usage of single-use packaging**—Given the central role off-premise played in keeping many operators afloat, single use packaging remains a highly demanded commodity. While many operators remain committed to sustainability initiatives, packaging remains an integral part of current initiatives. Some operators have moved back to keep cups (mostly in the coffee sector) and operators continue to look for alternatives.

# Institutional Channels

## Overarching Trends

Many of the key trends discussed in the Commercial Channels have been identified in the Institutional sectors as well. There are a number of other specific trends identified for 2021, as follows:

1. **Traditional feeding has not returned**—The canteen—whether in business feeders, healthcare of education—remains either closed or significantly reduced in capacity. With many businesses only starting a return to the office, questions remain about how feeding will be possible once offices are full.

2. **Blue collar surge**—while most White Collar business feeders remain at levels far below pre-pandemic, Blue Collar sites have seen growth surges as logistics and production facilities have remained open.

3. **Foodservice as an incentive**—businesses are attempting to counter consumer reluctance to return to offices with food as an incentive. Using either reduced prices or free food has enabled businesses to give an additional reason for their employees to return.

4. **Central kitchens and delivery**—As canteens have been slow to recover, some operators look at delivery—whether to university dorms or to office suites—as a potential opportunity. Central kitchens also allow for operators to take production out of lower volume accounts and provide greater efficiencies in servicing accounts at various levels of recovery.

5. **On-site click-and-collect**—technology has also allowed operators to create “takeaway” options as reliance on the traditional cafeteria/canteen has waned. A number of operators have also introduced “food lockers” where consumers can pick up their orders at their convenience.

6. **Technology and unmanned retail**—Technology advancements are also playing out in the Institutional channels; unmanned retail (micromarkets and AmazonGo style outlets) are starting to be introduced—mostly to office complexes. These models use cameras and artificial intelligence along with cashless payment systems to provide a frictionless experience to customers; operators note that they are easily adjustable regarding product selection.

7. **Ongoing negotiations with host companies/customers**—for contract caterers, rising costs have meant that new negotiations with their customers often include price increases. While existing contracts have had to “eat” higher costs, negotiations around costs can be challenging, and there is critical need for greater differentiation through menus, sustainability initiatives, sourcing, and technology. It remains likely that more contracts will be on a cost-plus model to reduce risk for the account.

# Consumer Research

## Summary Findings

While **almost 3 in 4 adults across Ireland have missed eating out** in restaurants, pubs and cafes, there is a degree of caution in terms of their return, especially among older demographics.

That said, eating out has been missed even more than shopping for leisure, concerts and spending time with colleagues. It is especially missed among the younger cohorts who crave the sociability of dining out; particularly more formal "sit down" occasions. **8 in 10 under 25s agree that they are really looking forward to the social aspect of dining out**.

For most, the return to eating out is more about the experience than the food necessarily (3 in 4 people agree), but there are some limitations on the extent to which people will fully embrace this return.

Across all groups there is a recognition **that it has become more expensive to eat out now; 8 in 10 agree**. This sense is particularly acute among those in lower social grades and those with younger families.

Despite a widespread view that the in general there are adequate Covid-19 safety measures in place, **for 6 in 10 diners there is some degree of nervousness** about eating out.

The pandemic experience has opened up **new possibilities and ways of doing things**, with a proliferation of new takeaway and delivery options, exposure to ordering and delivery apps and other technologies.

Outside Covid-19 protections, other things have an important bearing on choice of food service outlet, with **a healthy balance between indulgence and health emerging overall**.

**Sustainability remains important** and we see that for almost half (45%) in a post-pandemic world say that they will be more likely to choose options that are kinder to the environment, with packaging the evident key influence on this.

Similarly, **"support for local" has been bolstered by the pandemic** and half of all adults (especially older) are more likely to choose a foodservice option that supports local business and the community.

In dissecting the complexity of motivations and attitudes that exist in the current environment there are three evident prevailing views:

- ***"Out of Home Embracers"***, who are more female, mid-age groups and relatively well-to-do. They have welcomed the resumption of foodservice with open arms and relish the sociability and experience of eating out once again. They represent 4 in 10 in the population.
- To balance this, we also see a group representing approx. 1 in 4 in the population ***"Out of Home Reluctants"***. They are typically older and less well off and they don't expect to return to "business as usual". This is driven by a nervousness, but also by changed habits and reaction to cost increases.
- The remaining 4 in 10 in the population we have called ***"Homies"***, those that have continued to use home delivery to the same extent, even after restrictions eased. They expect to continue to do so into the future. They are likely to have younger kids.

# Section Three:

## Key Take-Aways

BORD BIA
IRISH FOOD BOARD

# Critical Factors and Future Outlook for the Foodservice Industry

# Critical Factors Facing Foodservice

## And Implications for the Industry

| Critical Issue Identified | Outlook For the Future | Implication for the Industry |
|---|---|---|
| **The "Big 3" Barriers to Growth remain fundamental challenges to the industry**<br><br>Supply chain challenges, labour and higher prices/inflation all have the potential to hamper stronger growth in 2022. At the same time, foodservice pricing is under scrutiny, with 83% of consumers saying they have found dining out expensive since it has re-opened. | The labour situation is not expected to right itself for some time; while unemployment is falling, industry-specific jobs are going unfilled. Meanwhile supply chain issues are expected to last for the next 12-18 months as global issues work themselves out. All of this indicates that higher prices are in store for all parts of the industry and will ultimately be passed on to the consumer. | Operators are doing more with less and are often stretched. Moving forward, technology offers part of the longer-term solution, but implementation across all sectors of the industry will take time. It will be important for suppliers to provide more focus on value-added products, yield and ease of use. |
| **Restrictions have eased, but are not over yet**<br><br>Underlying consumer demand remains strong (eating out was the most missed leisure experience as a result of Covid-19, with 73% of consumers in agreement), but full return to normality won't occur until the public health situation allows. | As of late November 2021, earlier closing time restrictions have been introduced and the situation remains volatile regarding potential future measures. | Remaining flexible and building contingency plans into the business will remain important while the Covid-19 pandemic remains on the island of Ireland. |
| **Return of international travel will dictate much of the industry's recovery**<br><br>While domestic demand—particularly during the summer—helped sustain many segments of the industry, it will struggle to reach full recovery until public health advice allows the return to full international travel. | Some expectation for full opening and a more "normal" tourism season in 2022, but it may take 12-18 months for a full return to capacity at Shannon and/or Dublin airports, particularly as airlines reduced capacity significantly during the pandemic. | Plan for slower recovery in sectors such as lodging, higher-end fine dining and certain recreational sub-sectors that rely on international guests. |

# Critical Challenges Facing Foodservice

## And Implications for the Industry

| Critical Issue Identified | Outlook For the Future | Implication for the Industry |
|---|---|---|
| **Off-premise initiatives will remain highly important to the industry**<br><br>Even as the industry is allowed to re-open for dine-in, off-premise initiatives, including delivery, click-and-collect/takeaway and drive-throughs, are critical to operator success. 41% of adults are likely to consume more take-aways in the future, compared to prior to the pandemic. | These initiatives will remain important, and operators will continue to invest in the technology and operations to further facilitate this area of revenue growth.<br><br>Most operators will want to maintain some level of off-premise to diversify revenue streams and act as a type of insurance should additional restrictions be enacted in the future. | Further initiatives that support off-premise, including continued growth in 3rd party aggregators, additional investment in delivery-only kitchens, and new virtual-only brands, will drive incremental growth and activity in Ireland. |
| **Experience is, and will remain, increasingly important to dine-in traffic.**<br><br>76% of adults across Ireland missed the experience of eating out more than the food. But operators are challenged to deliver on experience in the current environment. | Consumers crave the experience of dining out and will increasingly be looking for something new, unique or different to drive their decisions in the future. | Operators and suppliers should assess opportunities for experience enhancement via premium ingredients and preparation techniques to provide a “new” value to the consumer; suppliers should be prepared to offer recommendations to enhance visual appeal and sensory presentation for on- and off-premise. |
| **Workforce remains unsettled**<br><br>Consumers have yet to return to any type of “routine” and a return to the office and resumption of pre-pandemic activities remains unlikely to occur in the short term. At the time of the consumer omnibus, just 19% of those that had to work from home due to Covid-19restrictions had returned full time to office working. | White collar business feeding will be slow to return and restaurants and other industry players that rely on a stream of business diners will recover more slowly than others.<br><br>The full recovery of city centres will not be a quick rebound, and challenges will remain for some operators to profitably operate in urban areas. | Operators will need to evaluate their traffic patterns and daypart usage to adjust to the new normal. In some cases, technology solutions such as unmanned retail may replace traditional foodservice. |

# Critical Challenges Facing Foodservice

## And Implications for the Industry

| Critical Issue Identified | Outlook For the Future | Implication for the Industry |
|---|---|---|
| **Changing consumer priorities reflect two years of pandemic-driven changes**<br><br>Outside of Covid-19 protections, other priorities have an important bearing on consumers' choice of foodservice outlet. Healthier food choices, sustainability and support for local will all play a greater role. Half of all adults are more likely to choose a foodservice outlet that supports local business and the community. | Trends that were somewhat dormant during 2020 have returned, and consumers will continue to demand more sustainable menus—in all ways.<br><br>While veganism is still relatively low among consumers, the “flexitarian” demand for plant-based products has been elevated and will continue to grow.<br><br>Suppliers that have a local focus may be well situated to take advantage of rising consumer demand for Irish produced menu items. | Suppliers must be prepared to show transparency relative to local sourcing, sustainability and environmental metrics. Demonstrating the overall environmental and carbon footprint for food items will increasingly be considered table stakes as operators shift their messaging here.<br><br>Packaging is also a critical area where suppliers can make a difference and help their operator customers with their sustainability targets. |
| **Future consumer demands**<br><br>The future of foodservice will not simply be a return to ‘business as usual’. Operators will need to embrace a changing consumer that has more choice in the range of options they can access and the means by which to access them. | Consumers will be seeking a balance as they return to foodservice; the divide between convenience and experience will grow, and consumers will continue to alternate between healthy and indulgence when seeking foodservice options.<br><br>More than ever, consumers have a near infinite number of options available to them, from grocery, to delivered foodservice, to dining out. Correspondingly, their demands will be greater than ever. While the industry will see return to growth, the competitive environment will grow more fierce and having a unique selling proposition will be more critical than ever. | The industry will need to remain nimble relative to changing consumer demands. Giving consumers a reason to return to foodservice will be paramount—including “more” of everything: more convenience, more experiential options, more healthy options, etc.<br><br>Suppliers must understand the need to continue a robust product development cycle and create items that incentivise consumers to return to dining away from home. |

# Supplier Imperatives

# Supplier Imperatives

### 1. Realise that the labour situation will not have a short term fix—and create solutions for the industry

Given labour shortages, the need for simplicity at operator level has never been greater. Versatility in product offer will remain an elevated demand and being able to demonstrate ease of use and labour shortcuts will be appreciated. More training will be required, and suppliers should assume that much of the foodservice workforce has limited to no experience.

### 2. The product/brand story must be updated and relevant to a post-pandemic industry

Sustainability messages around environmental and carbon footprints are increasingly important and suppliers should prepare for the transparency that will increasingly be required by their customers (and by the consumer).

Beyond this, brand relevance will come from the ability to address critical operator issues, helping customers enhance the consumer experience and providing broader support to the industry.

### 3. Prepare for long-term changes in routine and daily dynamics

Consumers' day to day activities will be remain far from routine. Hybrid workforces and e-learning will remain commonplace. Operators will be looking for assistance in planning for uneven recovery and new consumer patterns. This may create new opportunities for packaged or self-service items.

This also creates a dynamic where not all customer segments will return at similar rates, and certain segments will likely see less robust recovery in the short to mid-term. Working with partners to address divergent consumer need-states and continued support of customers (as well as identification of means to help them grow), will create a stronger relationship for the longer term.

### 4. Off-premise is here to stay and must be part of new product development

Given longer-term changes in consumer dynamics, off-premise is here to stay, and suppliers must continue to create solutions that enable operators to take advantage of delivery, takeaway or even drive-through opportunities.

### 5. Better support and communication with all trading partners is a must

Supply chain issues are currently creating huge issues, but often it's less about product shortages than about poor communication and notifications between supplier and customer. Increasingly, customers will transition to work with suppliers that can meet their needs—not only in fulfilling their demand for product, but in creating a trusted relationship with strong two-way communication

### 6. Prepare for an inflationary environment

All key trends point to ongoing imbalances in supply and demand, and Ireland is likely to see higher price increases throughout the foodservice industry. Suppliers should be aware as to which operators have the ability to pass through price increases to the end consumer.

# Section Four:

## Size and Segmentation of the Irish Foodservice Industry 2021

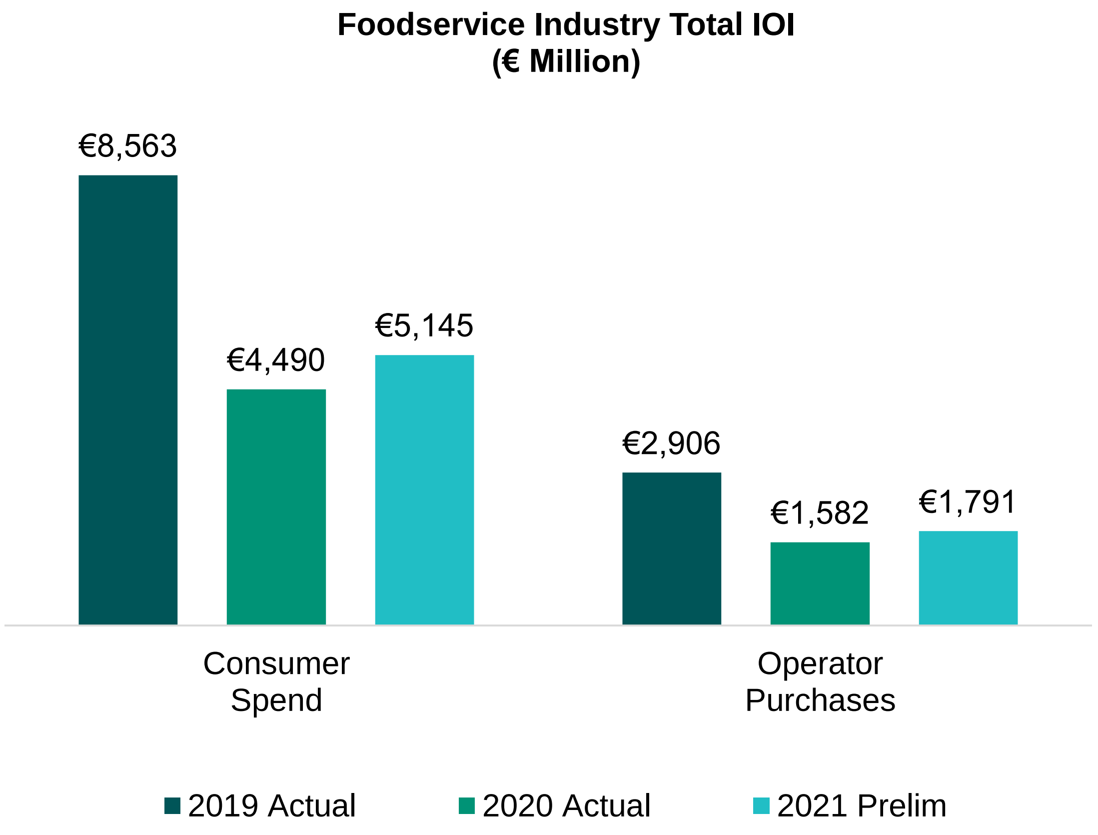
BORD BIA
IRISH FOOD BOARD

# Total IOI Foodservice Industry

## Consumer and Operator Spend—Time Series

Overall, the value of the Irish foodservice industry for 2021 is estimated to be €5.15 billion in terms of consumer expenditure and €1.79 billion in terms of operator purchases. This is inclusive of the entire Island of Ireland and includes both the value of the Republic of Ireland and the converted value (from Sterling to Euro) of the Northern Ireland foodservice market. While this marks a return to growth after significant declines in 2020, the market remains nearly 40% below 2019/pre-pandemic levels.

- The value of the industry is calculated in consumer spending; this term refers to actual consumer spending by diners within all foodservice channels. However, in some sectors a sale does not always occur, and in Institutional 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 on average 35% of the value of all consumer expenditures in the IOI foodservice industry.




Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

# Commercial and Institutional Channels

## Total Island of Ireland, 2021 vs. 2020

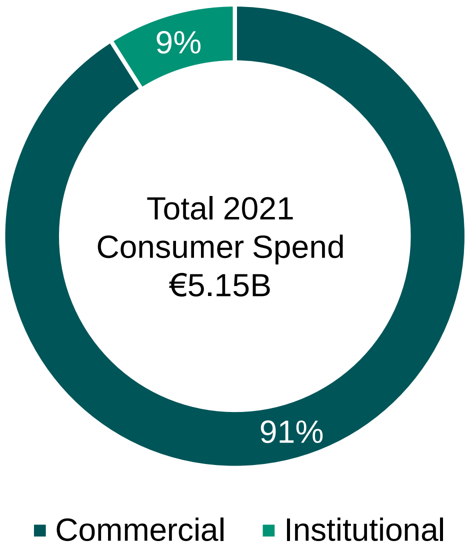
Overall, the Covid-19 pandemic has had a significant and on-going impact on the Irish foodservice industry. While 2021 is expected to register growth in consumer spending, the overall level of spending remains at levels far below 2019. In 2021, foodservice on the island of Ireland is projected to grow 14.6% against 2020 in nominal (spending) terms. Total spend in IOI is forecasted to be €5.15 billion, up from € 4.49 billion in 2020 but still €3.4 billion below pre-pandemic levels.

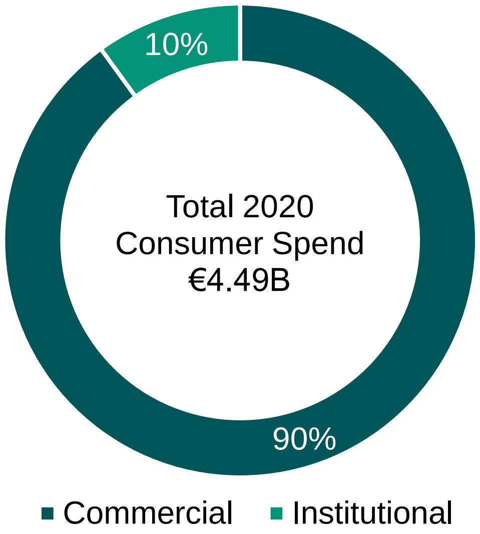
Operators spent €1.79 billion on food and beverage to generate those revenue figures. This is an increase from €1.58 billion in 2020.

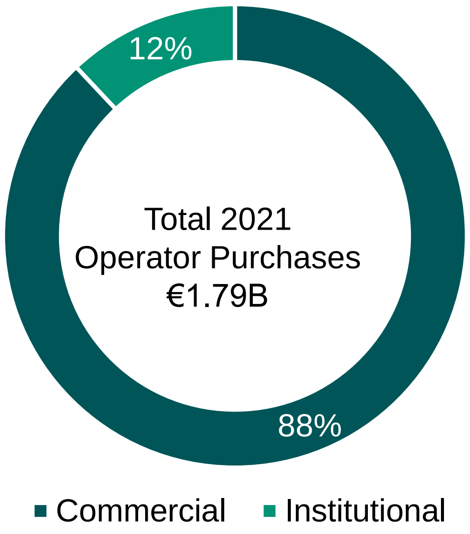
*Commercial channels* include quick-service restaurants, full-service restaurants, pubs, coffee shops/cafes, hotels and other commercial foodservice establishments, such as cinemas, theme parks, tourist attractions, sport venues and clubs, spas, events catering, recreational activities and cruises. Overall commercial sales are seeing much stronger growth in 2021 than the Institutional sectors.

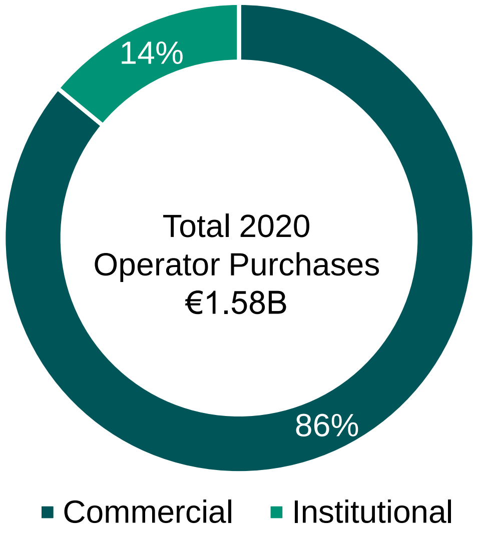
*Institutional channels* include business and industry locations, healthcare facilities, educational institutions and other institutional foodservice establishments, including government organisations, prisons and armed forces.

In 2021, commercial channels accounted for 91% of the value of total consumer spending and 88% of the total value operator purchases.




Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

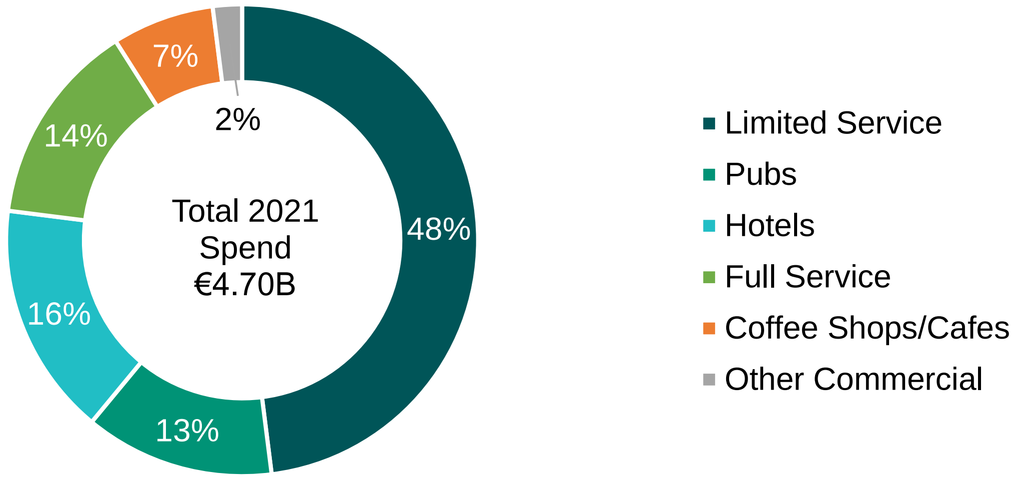
# Commercial Channels 2021 vs. 2020

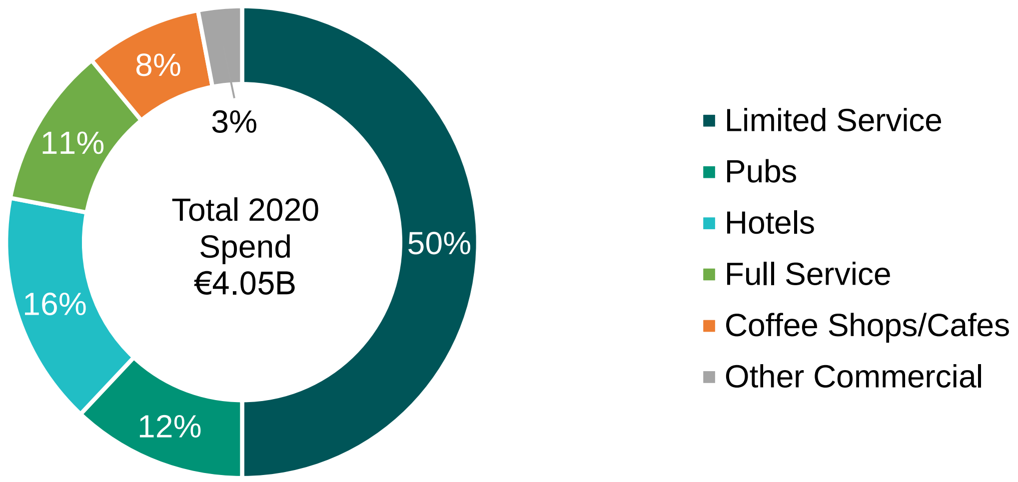
## Total Island of Ireland

As noted on the previous page, commercial channels within IOI represent the vast majority of the value spend within the Irish foodservice channel. In 2021, the Commercial sectors regained some of the consumer spend that it had lost in 2020.

In 2020, total Commercial foodservice was €4.05 billion in consumer spending for the entire island of Ireland; in 2021 this figure grew to €4.7 billion, or an increase of 16%. Note that this is still below the total pre-pandemic (2019) commercial turnover of € 7.8 billion, indicating that there is still additional room for growth to reach previous spending levels.

Examining the commercial channel in greater detail, in 2020 there was a significant shift toward Limited Service operators (which include traditional QSR, food to go and fast casual). These operators gained share within Commercial given their orientation toward off-premise initiatives including takeaway and delivery. As other sectors showed some growth in 2021, Limited Service fell back two percentage points but still accounts for nearly half of total Commercial sales in 2021.




Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

# Route to Market 2021

As noted, operator purchases tend to grow at a slightly different rate than consumer spending. In 2021, operator purchases grew at a rate of 13%; this figure can also be viewed as the aggregated size for route-to-market players in Ireland.

The most prevalent route to market in Irish foodservice remains wholesale delivery, which accounted for 67% of operator purchases in 2021 and saw relatively strong growth of 15%.

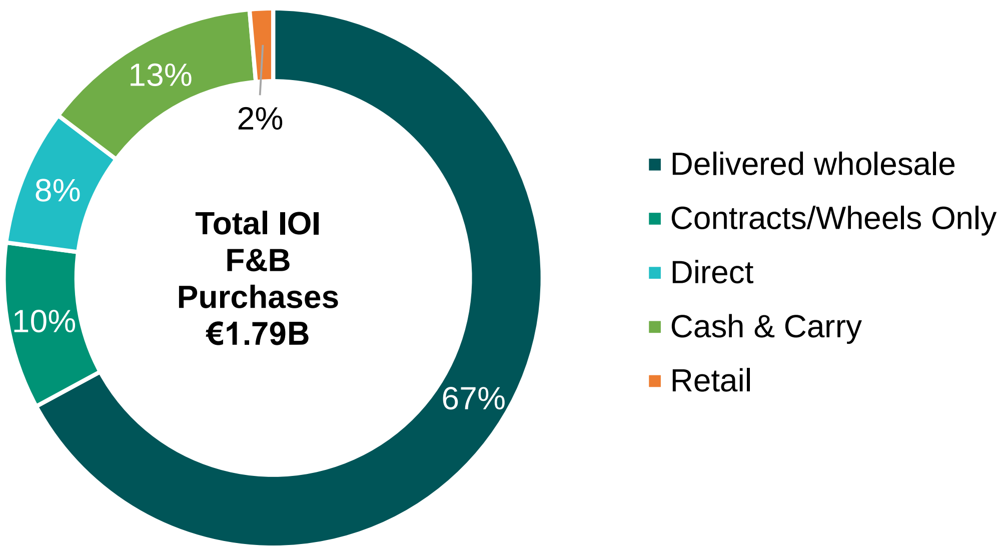
The Cash & Carry segment represents approximately 13% of the total value of purchases delivered. With some changing operator dynamics, players in this segment report strong growth, and this area of business grew 17% YOY against 2020 levels.

The contract "wheels only" reflects the conditions of not only large chains, but also contract caterers that tend to have a "cost plus" arrangement for distribution. This sector was up 3% in 2021—a much lower growth percentage than other parts of the business.

Operators also occasionally source from retail outlets (i.e. purchase from a grocer or supermarket). This only accounts for a small share of the business and declined slightly as operators resumed sourcing from more traditional distribution types.

With the future of foodservice seeing uneven performance, many distribution companies that have retail divisions have been able to balance out the inconsistent performance and have generally remained in a more 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 | 2020-21 CAGR |
|---|---|
| Delivered wholesale | 15% |
| Direct | 9% |
| Cash & Carry | 17% |
| Contracts/Wheels Only | 3% |
| Retail | -1% |
| **Total** | **13%** |

Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

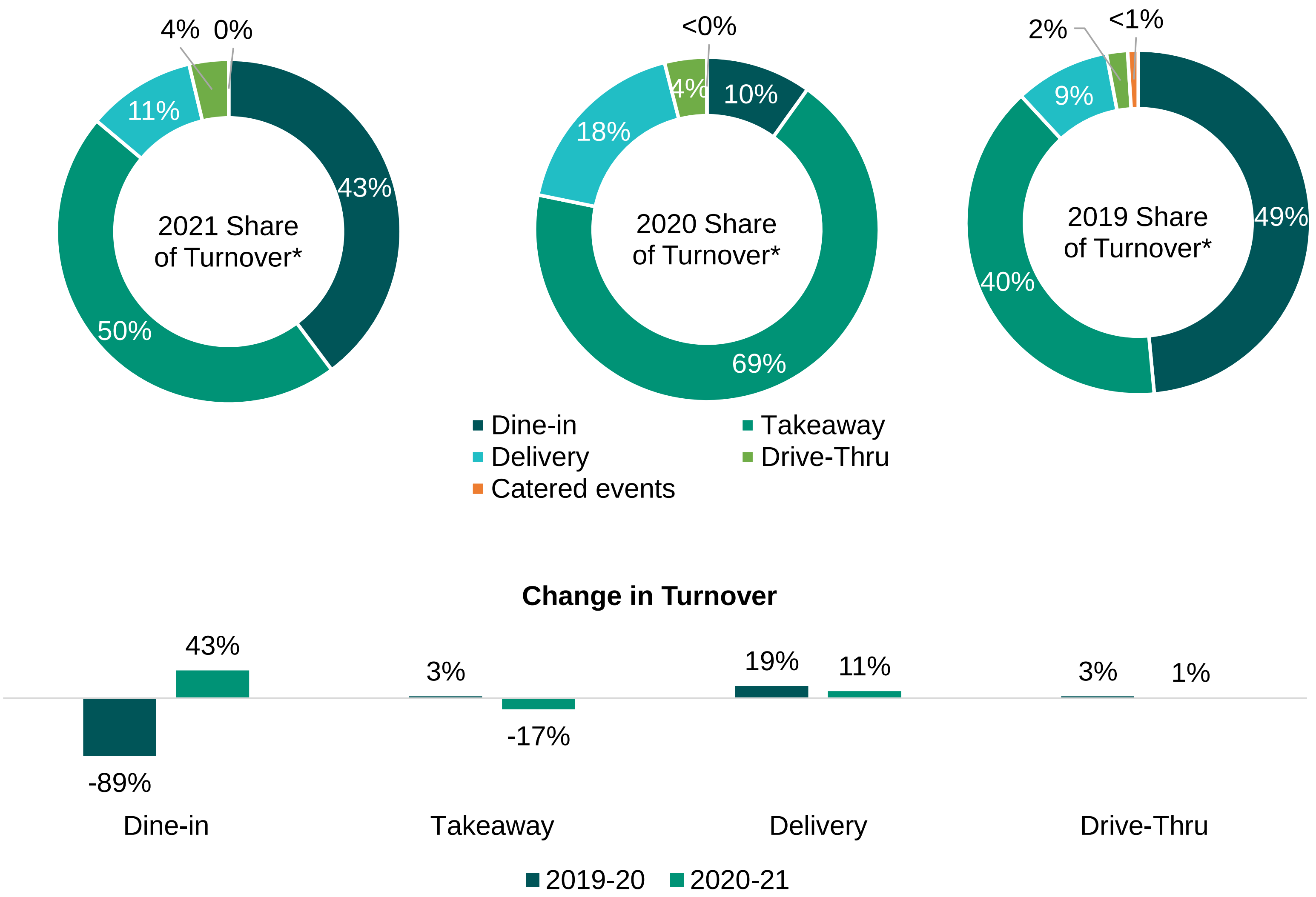
# On-Premise vs. Off-Premise

"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.)

During 2020, dining rooms were shuttered for much of the year and overall dine-in share fell by nearly 90%, representing approximately 1 in 10 overall occasions for the full year. Delivery took off—in 2020 overall delivery was up 20%, with third party aggregators growing at rates significantly higher than this.

In 2021, delivery remained elevated and continued to grow, albeit at lower rates. Takeaway's share fell as some of that business return to dine-in, but takeway still represents approximately 50% of the industry in 2021.

Drive-throughs are a small but growing part of the Commercial foodservice space in Ireland.




Source: Bord Bia, Technomic
Includes only Limited Service, Full Service, Pubs and Coffee Shops in this analysis
Note: Figures for previous years have in some instances been updated

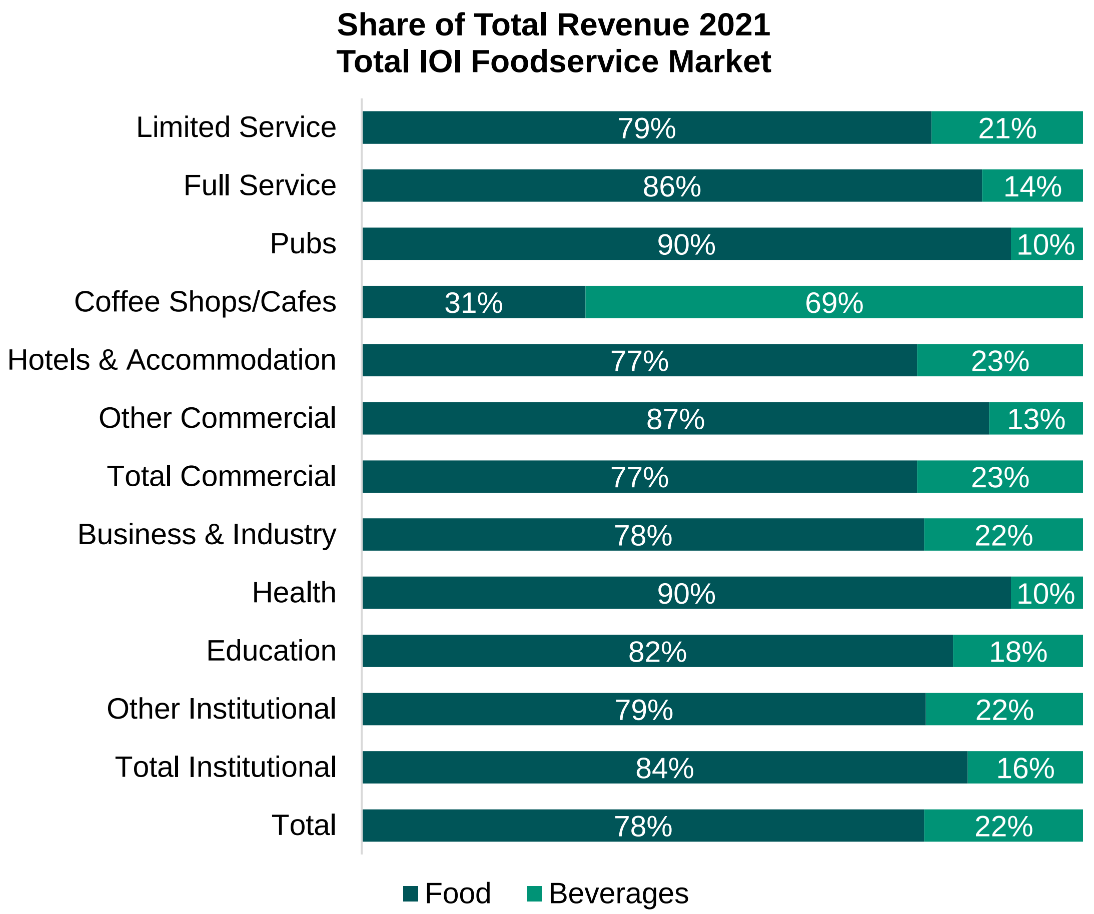
# Food and Beverage Revenue Split

In 2020, there was a shift in food/beverage sales splits as the industry went largely toward off-premise (including takeaway/click-and-collect and delivery). In these instances, beverage sales are found less often, and last year's figures included a shift toward food.

In 2021, the off-premise focus lasted for many sectors into early summer. But with the industry re-opening dining rooms in July (earlier in Northern Ireland), there has been some return to "normality" regarding splits between food and beverage. Note that these figures have been developed to include only non-alcohol beverage.

While this only shows the splits in value, it's important to note margin structures for operators. Higher costs overall have impacted margins, and while beverages have a higher profitability than food, higher labour costs and packaging have caused overall operator margins to tighten. While this report does not include the value of non-foods purchased, operators report that their overall costs for non-foods—including PPE, packaging and other supplies—continues to rise at levels many term "unsustainable."

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 beverage percentage higher.




Source: Bord Bia, Technomic
Excludes alcohol

# Irish Foodservice Market Snapshot 2021

## Total island of Ireland (IOI)

| 2021 Total Irish Foodservice Market | 2021 Consumer Spending (€M) | 2020 Consumer Spending (€M) | 2021 Operator Purchases (€M) | 2020 Operator Purchases (€M) | 2020-21 CAGR (in €) |
|---|---|---|---|---|---|
| Limited Service (QSR, fast casual, food to go) | € 2,330 | € 2,002 | € 802 | € 696 | 16.4% |
| Full Service | € 564 | € 458 | € 191 | € 158 | 23.3% |
| Pubs | € 517 | € 501 | € 165 | € 153 | 3.1% |
| Coffee Shops/Cafes | € 397 | € 328 | € 110 | € 90 | 20.9% |
| Hotels & Accommodations | € 746 | € 654 | € 250 | € 227 | 14.0% |
| Other Commercial | € 143 | € 101 | € 51 | € 37 | 41.3% |
| **Total Commercial** | **€ 4,697** | **€ 4,045** | **€ 1,568** | **€ 1,361** | **16.1%** |
| Business & Industry | € 101 | € 122 | € 50 | € 62 | -17.4% |
| Healthcare | € 222 | € 218 | € 115 | € 113 | 2.0% |
| Education | € 82 | € 64 | € 38 | € 29 | 27.6% |
| Other Institutional | € 43 | € 41 | € 20 | € 17 | 4.8% |
| **Total Institutional** | **€ 448** | **€ 445** | **€ 223** | **€ 221** | **0.6%** |
| **Total IOI** | **€ 5,145** | **€ 4,490** | **€ 1,791** | **€ 1,582** | **14.6%** |

Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

# Irish Foodservice Market Snapshot 2021

## Republic of Ireland

| 2021 ROI Foodservice Market | 2021 Consumer Spending (€M) | 2020 Consumer Spending (€M) | 2021 Operator Purchases (€M) | 2020 Operator Purchases (€M) | 2020-21 CAGR (in €) |
|---|---|---|---|---|---|
| Limited Service (QSR, fast casual, food to go) | € 1,745 | € 1,520 | € 601 | € 528 | 14.8% |
| Full Service | € 384 | € 313 | € 132 | € 108 | 22.8% |
| Pubs | € 353 | € 350 | € 113 | € 107 | 0.9% |
| Coffee Shops/Cafes | € 293 | € 246 | € 81 | € 67 | 19.5% |
| Hotels & Accommodations | € 553 | € 491 | € 186 | € 170 | 12.5% |
| Other Commercial | € 108 | € 79 | € 39 | € 29 | 36.6% |
| **Total Commercial** | **€ 3,438** | **€ 2,999** | **€ 1,152** | **€ 1,010** | **14.6%** |
| Business & Industry | € 73 | € 90 | € 36 | € 46 | -18.8% |
| Healthcare | € 138 | € 136 | € 72 | € 70 | 1.5% |
| Education | € 51 | € 41 | € 24 | € 19 | 24.5% |
| Other Institutional | € 33 | € 32 | € 15 | € 13 | 5.3% |
| **Total Institutional** | **€ 295** | **€ 299** | **€ 147** | **€ 148** | **-1.1%** |
| **Total Republic of Ireland** | **€ 3,733** | **€ 3,298** | **€ 1,299** | **€ 1,158** | **13.2%** |

Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

# Irish Foodservice Market Snapshot 2021

## Northern Ireland

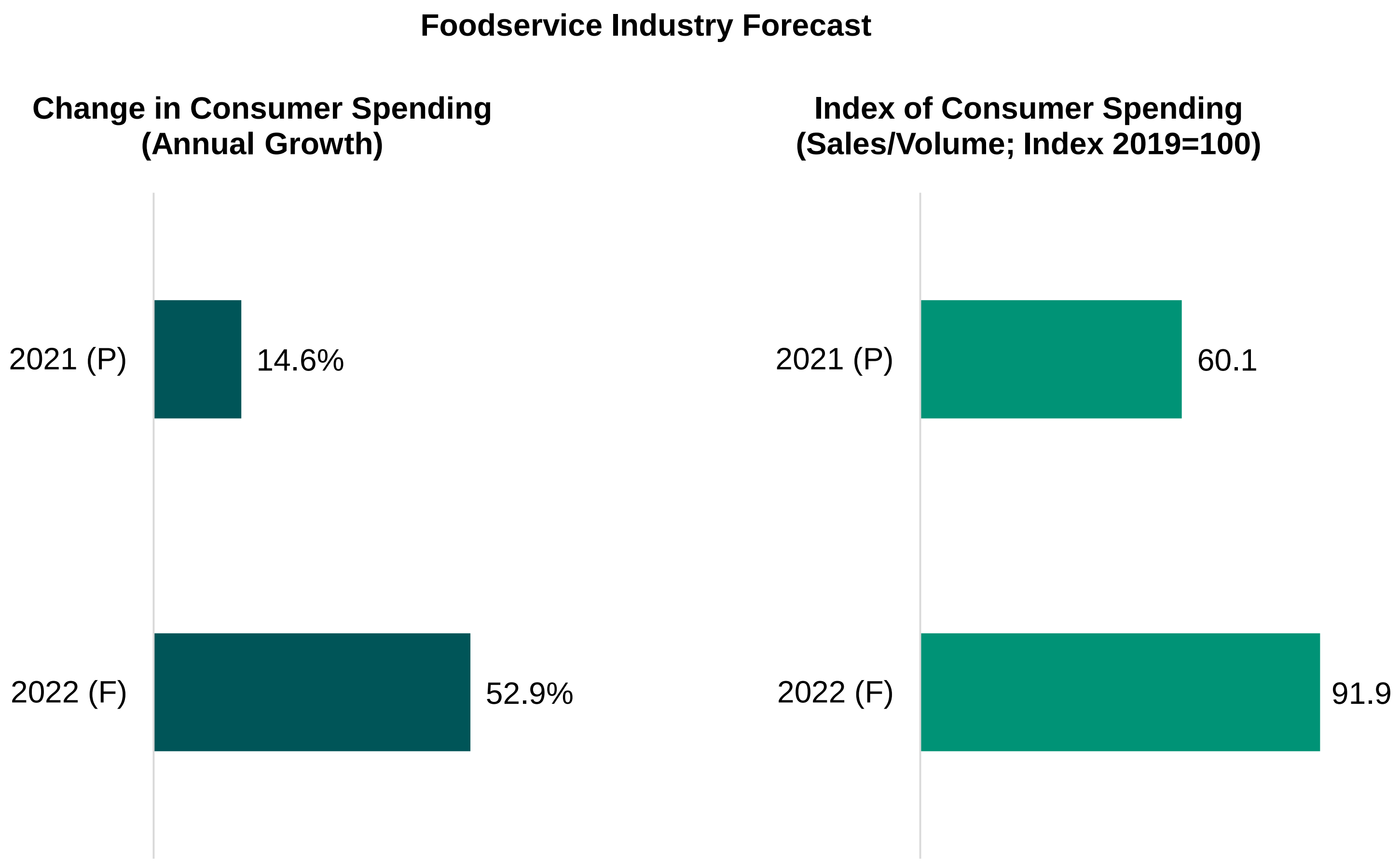
| 2021 NI Foodservice Market | 2021 Consumer Spending (£M) | 2021 Consumer Spending (€M) | 2020 Consumer Spending (€M) | 2021 Operator Purchases (€M) | 2020 Operator Purchases (€M) | 2020-21 CAGR (in Sterling) |
|---|---|---|---|---|---|---|
| Limited Service (QSR, fast casual, food to go) | £506 | € 585 | € 482 | € 201 | € 168 | 18.6% |
| Full Service | £156 | € 180 | € 145 | € 59 | € 50 | 21.7% |
| Pubs | £141 | € 164 | € 151 | € 52 | € 46 | 5.8% |
| Coffee Shops/Cafes | £90 | € 104 | € 83 | € 29 | € 23 | 22.3% |
| Hotels & Accommodations | £167 | € 193 | € 163 | € 64 | € 56 | 15.7% |
| Other Commercial | £30 | € 35 | € 22 | € 13 | € 8 | 54.6% |
| **Total Commercial** | **£1,089** | **€ 1,260** | **€ 1,046** | **€ 417** | **€ 351** | **17.8%** |
| Business & Industry | £24 | € 28 | € 32 | € 14 | € 16 | -15.4% |
| Healthcare | £73 | € 84 | € 82 | € 43 | € 43 | 0.6% |
| Education | £27 | € 31 | € 23 | € 14 | € 11 | 29.9% |
| Other Institutional | £8 | € 9 | € 9 | € 4 | € 4 | 0.6% |
| **Total Institutional** | **£132** | **€ 152** | **€ 146** | **€ 76** | **€ 73** | **1.8%** |
| **Total Northern Ireland** | **£1,221** | **€ 1,412** | **€ 1,192** | **€ 493** | **€ 424** | **15.8%** |

Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

# Foodservice Industry Forecasts

As noted, 2021 is expected to finish the year up 14.6% in value across all of Ireland. Going forward, while there is great variability in the forecasts, the mid-point estimate is for the industry to increase by almost 53% in value in 2022.

In comparison to 2019, the 2021 figures for IOI foodservice turnover will still only be about 60% of the pre-pandemic value, but with a return to growth in 2022, the industry is expected to return to about 92% of pre-pandemic value by the end of next year. It should be noted, however, that this dramatic growth upswing is being driven to a greater degree than in previous years by menu price inflation, with expectations of 5% (or higher) increases in prices that are being passed on to the consumer.




P=preliminary; F=forecasted
Source: Technomic, Bord Bia

# 2022 Foodservice Forecasts

The figures to the right show a summary of the size of the industry in both ROI and NI going back to 2019. As highlighted, the declines in the North were slightly less in 2020 and subsequent growth in 2021 was a bit higher. Indices for both years are several points higher in the North compared to the Republic.

However, going forward, the recovery in the Republic is expected to be more robust. ROI is expected to grow 57% in 2022, with the industry reaching nearly 93% of pre-pandemic levels. Northern Ireland is expected to see 42% growth in 2022, with levels reaching nearly 90% of 2019 turnover levels.

**Forecasts for Foodservice in 2022**

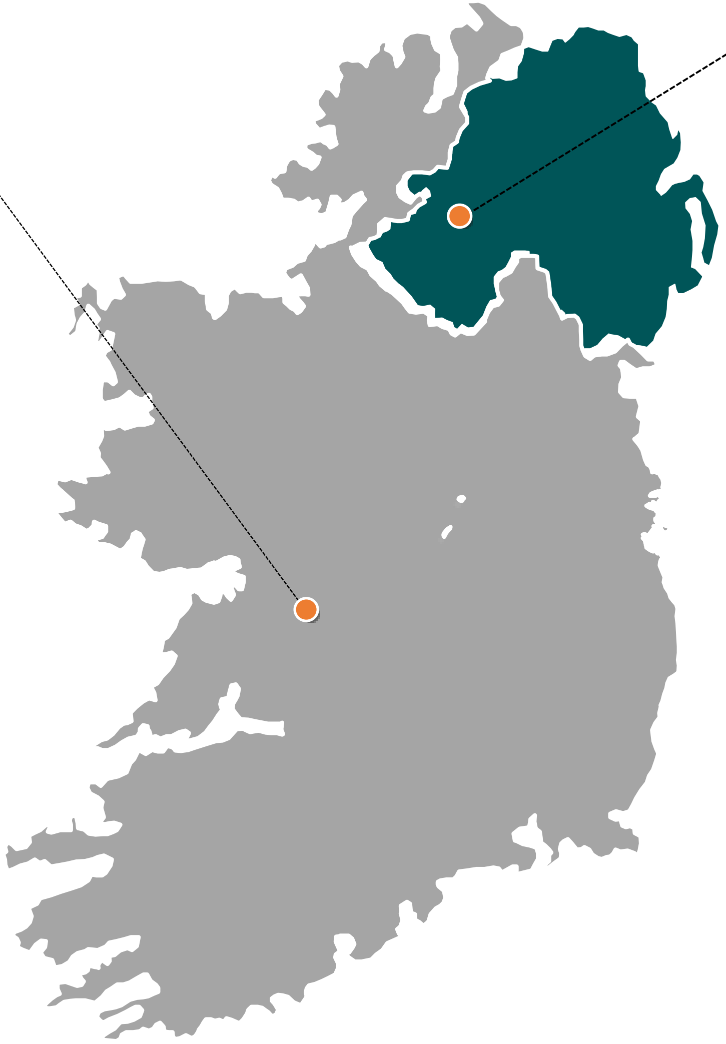
Republic of Ireland

**2019 Turnover**
€6.33B
Index=100

**2020 Turnover**
€3.30 (-48%)
Index=52.1

**2021 Turnover (P)**
€3.73B (+13%)
Index=59.0

**2022 Turnover (F)**
€5.86B (+57%)
Index=92.7



Northern Ireland

**2019 Turnover**
€2.24B
Index=100

**2020 Turnover**
€1.19B (-47%)
Index=53.3

**2021 Turnover (P)**
€1.41B (+18%)
Index=63.1

**2022 Turnover (F)**
€2.00B (+42%)
Index=89.5

Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated
Northern Ireland growth shown in Euro and includes currency conversion

# Growth Outlook for 2022

## With Comparisons to 2019

| 2022 Growth Outlook | All island of Ireland (IOI) Growth | IOI Index of Recovery (2019=100) | Republic of Ireland Growth in Turnover | ROI Index of Recovery (2019=100) | Northern Ireland Growth in Turnover (in Euro) | NI Index of Recovery (2019=100) |
|---|---|---|---|---|---|---|
| **Limited Service** | **29.4%** | **100.6** | **31.5%** | **101.3** | **23.2%** | **98.3** |
| Quick Service | 29.5% | 100.7 | 31.8% | 101.6 | 23.1% | 98.3 |
| Fast Casual | 57.8% | 95.6 | 65.0% | 96.5 | 38.8% | 93.1 |
| Food to Go | 21.1% | 101.7 | 22.2% | 101.6 | 15.6% | 102.4 |
| **Full Service** | **68.3%** | **91.4** | **73.4%** | **91.7** | **57.4%** | **90.5** |
| **Pubs** | **119.8%** | **80.2** | **141.4%** | **82.2** | **72.9%** | **74.9** |
| **Hotels & Accommodations** | **75.7%** | **85.5** | **78.7%** | **85.4** | **67.0%** | **85.9** |
| **Coffee Shops/Cafes** | **24.2%** | **102.2** | **28.0%** | **103.7** | **13.6%** | **97.5** |
| **Other Commercial** | **111.9%** | **91.9** | **122.2%** | **93.0** | **80.1%** | **87.9** |
| **All Commercial** | **53.4%** | **92.4** | **57.6%** | **93.3** | **42.0%** | **89.9** |
| **Business & Industry** | **123.5%** | **69.1** | **130.8%** | **71.7** | **104.4%** | **62.3** |
| **Education** | **85.0%** | **99.5** | **84.3%** | **98.2** | **86.3%** | **101.6** |
| **Healthcare** | **6.7%** | **98.1** | **7.2%** | **98.0** | **5.8%** | **98.2** |
| **All Other** | **2.6%** | **103.0** | **2.4%** | **103.3** | **3.3%** | **102.2** |
| **All Institutional** | **47.0%** | **86.2** | **50.6%** | **86.3** | **40.0%** | **86.0** |
| **Total Foodservice** | **52.9%** | **91.9** | **57.1%** | **92.7** | **41.8%** | **89.5** |

Source: Bord Bia, Technomic

# Section Five:

## Consumer Omnibus Report

October 21st—November 2nd 2021

BORD BIA
IRISH FOOD BOARD

# Consumer Research

## Summary Findings

While **almost 3 in 4 adults across Ireland have missed eating out** in restaurants, pubs and cafes, there is a degree of caution in terms of their return, especially among older demographics.

That said, eating out has been missed even more than shopping for leisure, concerts and spending time with colleagues. It is especially missed among the younger cohorts who crave the sociability of dining out; particularly more formal “sit down” occasions. **8 in 10 under 25s agree that they are really looking forward to the social aspect of dining out**.

For most, the return to eating out is more about the experience than the food necessarily (3 in 4 people agree), but there are some limitations on the extent to which people will fully embrace this return.

Across all groups there is a recognition **that it has become more expensive to eat out now; 8 in 10 agree**. This sense is particularly acute among those in lower social grades and those with younger families.

Despite a widespread view that the in general there are adequate Covid-19 safety measures in place, **for 6 in 10 diners there is some degree of nervousness** about eating out.

The pandemic experience has opened up **new possibilities and ways of doing things**, with a proliferation of new takeaway and delivery options, exposure to ordering and delivery apps and other technologies.

Outside Covid-19 protections, other things have an important bearing on choice of food service outlet, with **a healthy balance between indulgence and health emerging overall**.

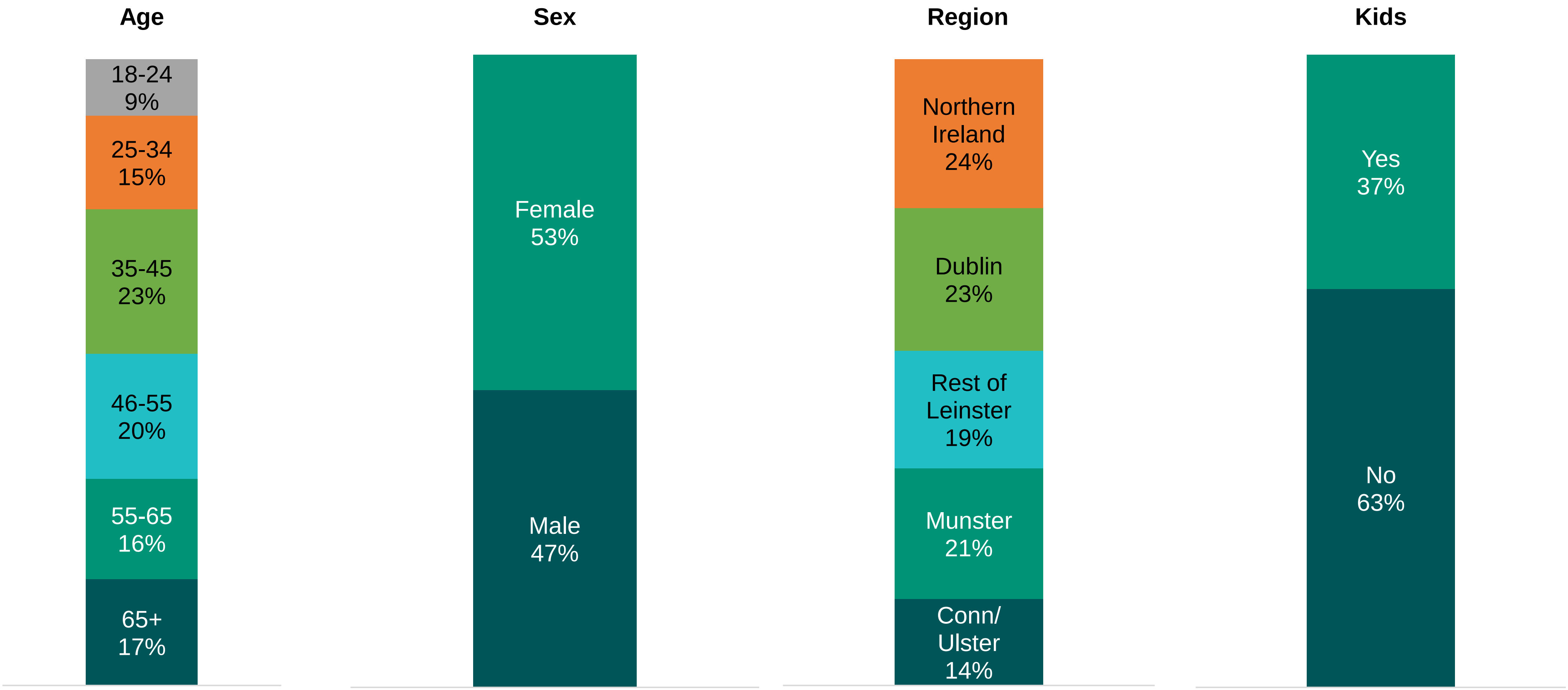
**Sustainability remains important** and we see that for almost half (45%) in a post-pandemic world say that they will be more likely to choose options that are kinder to the environment, with packaging the evident key influence on this.

Similarly, **“support for local” has been bolstered by the pandemic** and half of all adults (especially older) are more likely to choose a foodservice option that supports local business and the community.

In dissecting the complexity of motivations and attitudes that exist in the current environment there are three evident prevailing views:

- ***“Out of Home Embracers”***, who are more female, mid-age groups and relatively well-to-do. They have welcomed the resumption of foodservice with open arms and relish the sociability and experience of eating out once again. They represent 4 in 10 in the population.
- To balance this, we also see a group representing approx. 1 in 4 in the population ***“Out of Home Reluctants”***. They are typically older and less well off and they don’t expect to return to “business as usual”. This is driven by a nervousness, but also by changed habits and reaction to cost increases.
- The remaining 4 in 10 in the population we have called ***“Homies”***, those that have continued to use home delivery to the same extent, even after restrictions eased. They expect to continue to do so into the future. They are likely to have younger kids.

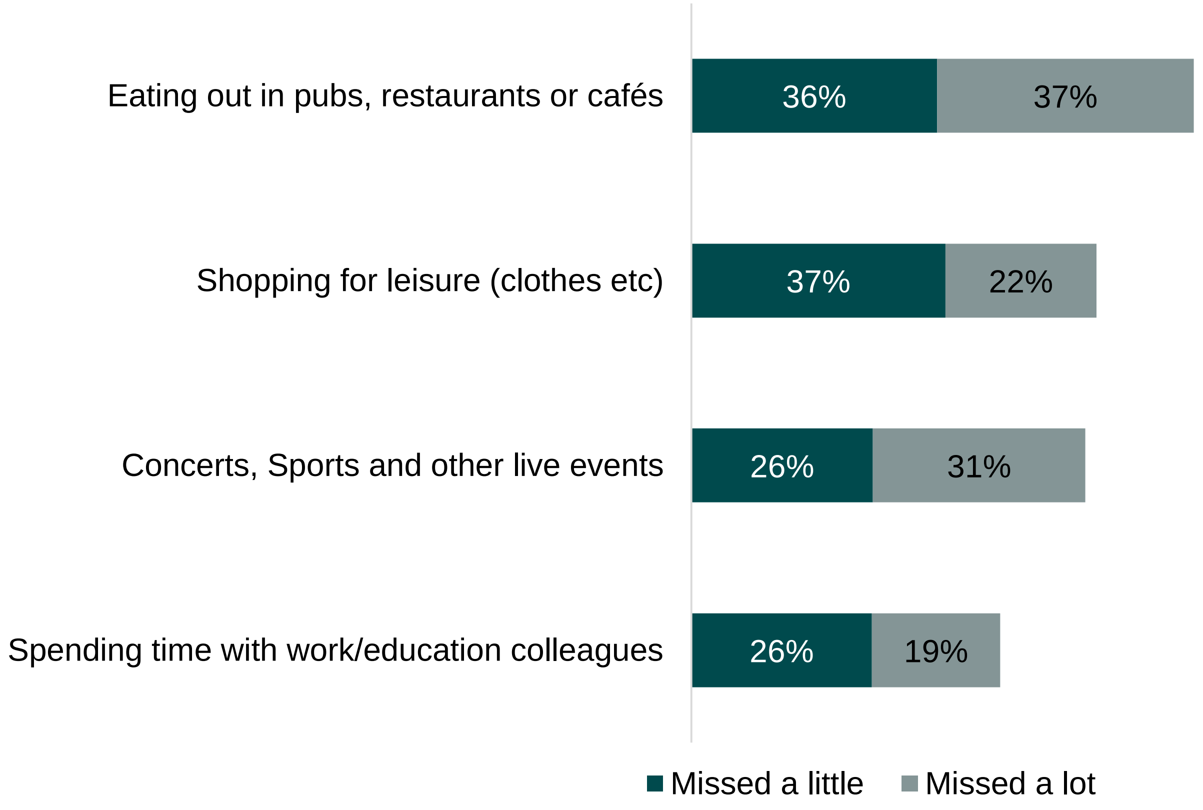
# Who we spoke to




(Base: All adults aged 18+ in island of Ireland—n=1,417)

# Experiences missed as a result of Covid-19

Of these social and leisure activities, “eating out” is the experience that has been most missed as a result of Covid-19

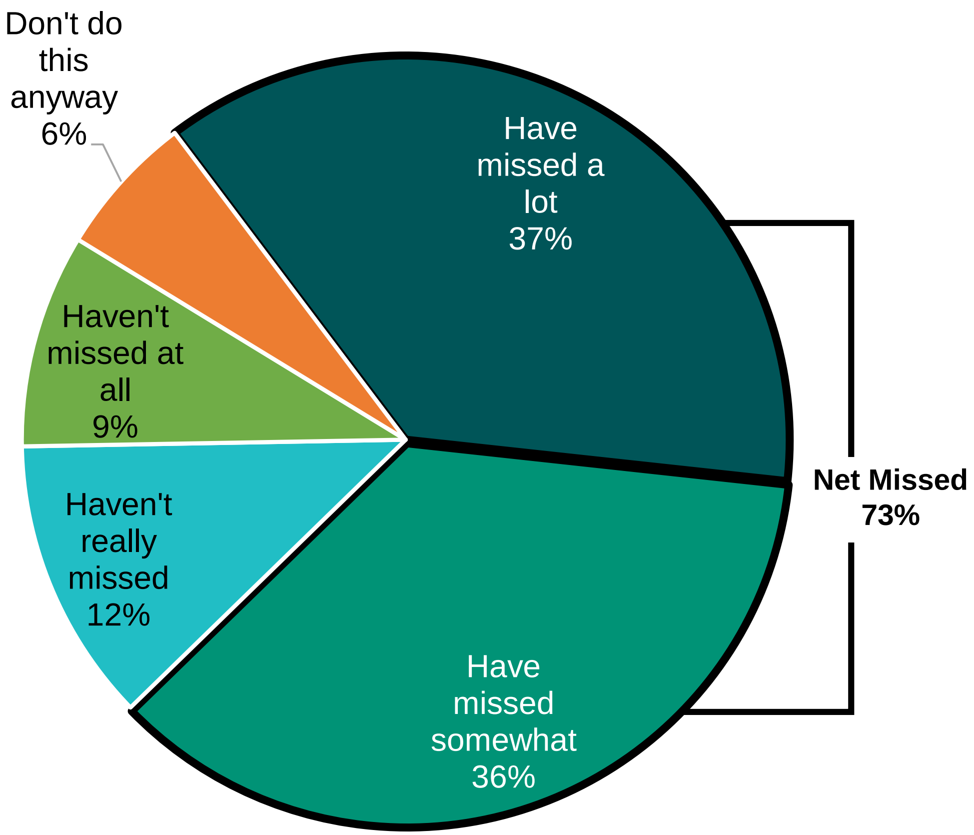



| | Net Missed | ROI | NI |
|---|---|---|---|
| Eating out in pubs, restaurants or cafés | **73%** | **73%** | **71%** |
| Shopping for leisure (clothes etc) | **59%** | **61%** | **53%** |
| Concerts, Sports and other live events | **57%** | **60%** | **47%** |
| Spending time with work/education colleagues | **45%** | **46%** | **40%** |

(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q0. To what extent, if at all have you missed each of the following as a result of the Covid-19 restrictions if at all?

# Missed eating out in pubs, restaurants or cafés

Evidently, the sociability of eating out has been missed more acutely by those in the younger age groups.



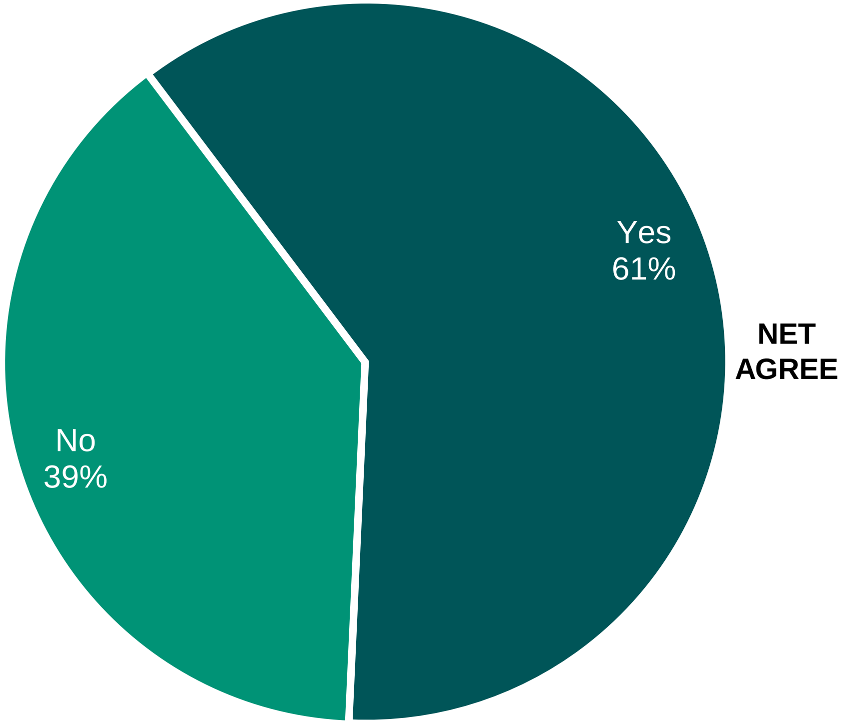


(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q0. To what extent, if at all have you missed each of the following as a result of the Covid-19 restrictions if at all?

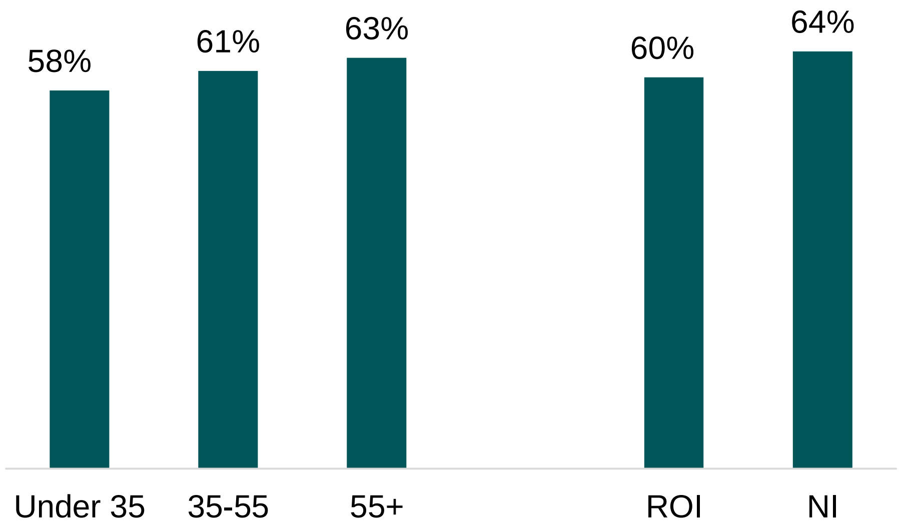
# However, many still feeling nervous about the return

In contrast to the enthusiasm which prevails among younger consumers, older consumers are a little more reticent about the return to “business as usual”.  Interestingly though, across all groups there is a guarded enthusiasm.

**I feel somewhat nervous about the return to eating out again because of COVID-19**




**% Agree**



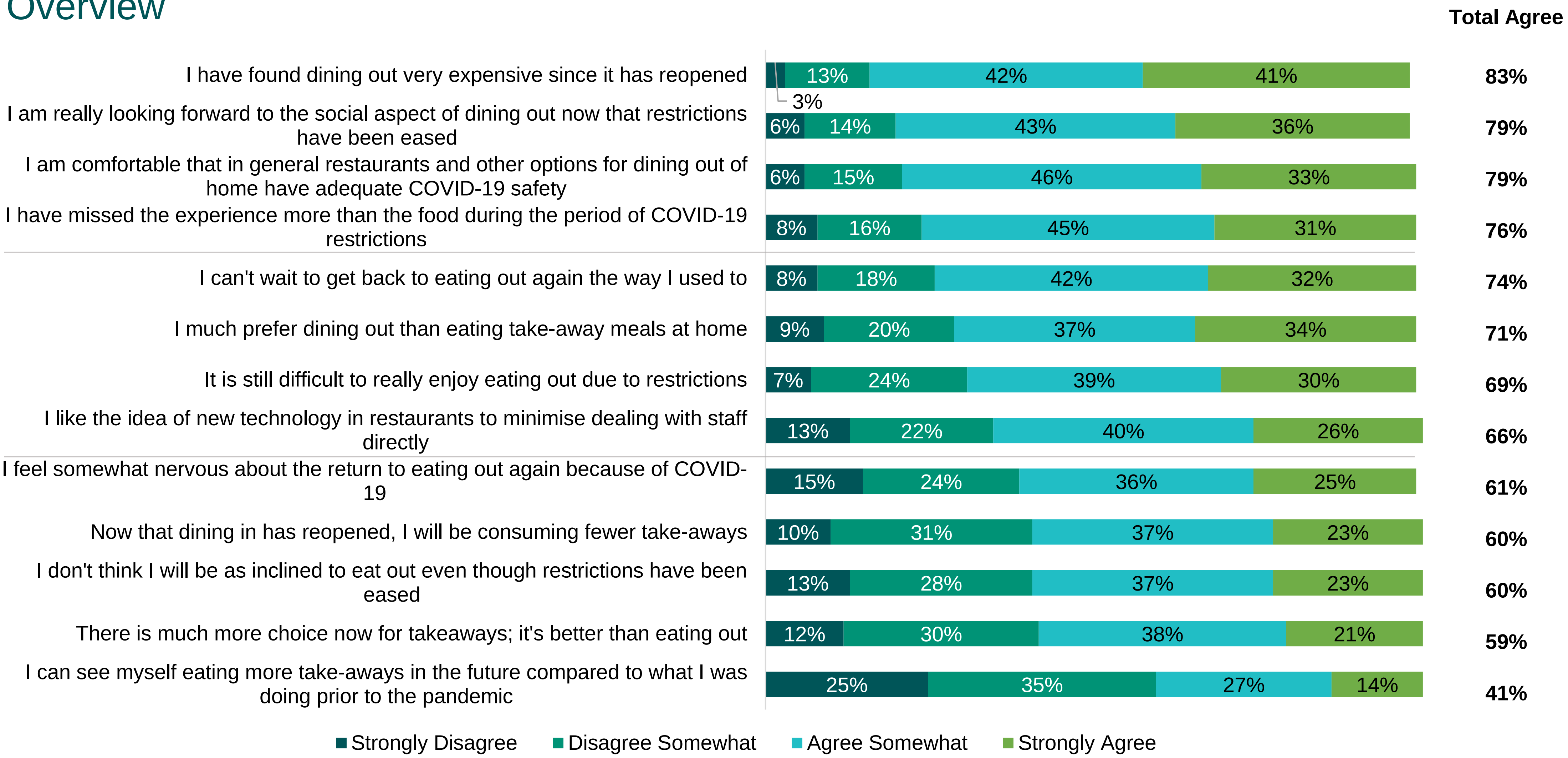

**Highest Among**
*Somewhat higher among **older age group 55+** and those in **NI***

(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q1. Here are some things that other people have said about eating out of home. To what extent do you disagree or agree with each of these statements?

# Prevailing Consumer Attitudes

# Attitudes towards eating out of home

## Overview




(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q1. Here are some things that other people have said about eating out of home. To what extent do you disagree or agree with each of these statements?

# Attitudes towards eating out of home

In both ROI and NI, we see a similar pattern, with cost increases top of mind, but also we see a guarded enthusiasm for a return, and a belief that the sector are doing a good job so far at keeping them safe.

| Statement | Agree Somewhat | Strongly Agree | Total Agree | ROI | NI |
|---|---|---|---|---|---|
| I have found dining out very expensive since it has reopened | 42% | 41% | 83% | 84% | 84% |
| I am really looking forward to the social aspect of dining out now that restrictions have been eased | 43% | 36% | 79% | 80% | 75% |
| I am comfortable that in general restaurants and other options for dining out of home have adequate Covid-19 safety | 46% | 33% | 79% | 79% | 80% |
| I have missed the experience more than the food during the period of Covid-19 restrictions | 45% | 31% | 76% | 77% | 70% |
| I can't wait to get back to eating out again the way I used to | 42% | 32% | 74% | 75% | 70% |
| I much prefer dining out than eating take-away meals at home | 37% | 34% | 71% | 72% | 69% |
| It is still difficult to really enjoy eating out due to restrictions | 39% | 30% | 69% | 71% | 67% |
| I like the idea of new technology in restaurants to minimise dealing with staff directly | 40% | 26% | 66% | 67% | 60% |
| I feel somewhat nervous about the return to eating out again because of Covid-19 | 36% | 25% | 61% | 60% | 64% |
| Now that dining in has reopened, I will be consuming fewer take-aways | 37% | 23% | 60% | 62% | 53% |
| I don't think I will be as inclined to eat out even though restrictions have been eased | 37% | 23% | 60% | 60% | 58% |
| There is much more choice now for takeaways; it's better than eating out | 38% | 21% | 59% | 61% | 50% |
| I can see myself eating more take-aways in the future compared to what I was doing prior to the pandemic | 27% | 14% | 41% | 41% | 38% |

■ Agree Somewhat ■ Strongly Agree

(Base: All adults aged 18+ in IOI n=1,417)

Q1. Here are some things that other people have said about eating out of home. To what extent do you disagree or agree with each of these statements?

# Attitudes towards eating out of home

Here we see the demographic groups with whom each of the attitudes prevail most strongly.

| Statement | Agree Somewhat | Strongly Agree | Total Agree | Highest Among |
|---|---|---|---|---|
| I have found dining out very expensive since it has reopened | 42% | 41% | 83% | Widespread but higher among lower SEG |
| I am really looking forward to the social aspect of dining out now that restrictions have been eased | 43% | 36% | 79% | Higher for all, but spikes (84%) among U35s and females, more financially comfortable |
| I am comfortable that in general restaurants and other options for dining out of home have adequate Covid-19 safety | 46% | 33% | 79% | Similar across all groups |
| I have missed the experience more than the food during the period of Covid-19 restrictions | 45% | 31% | 76% | Similar for all, but particularly younger people seeking sociability of foodservice |
| I can't wait to get back to eating out again the way I used to | 42% | 32% | 74% | Much higher among U35s (81%) & Higher SEG |
| I much prefer dining out than eating take-away meals at home | 37% | 34% | 71% | 77% among 55+ |
| It is still difficult to really enjoy eating out due to restrictions | 39% | 30% | 69% | Less financially comfortable indicates more to do with cost perhaps? |
| I like the idea of new technology in restaurants to minimise dealing with staff directly | 40% | 26% | 66% | Higher in ROI & younger groups |
| I feel somewhat nervous about the return to eating out again because of Covid-19 | 36% | 25% | 61% | Somewhat higher among older age group 55+ |
| Now that dining in has reopened, I will be consuming fewer take-aways | 37% | 23% | 60% | Lifestage driven; single & early settlers who were highest takeaway users |
| I don't think I will be as inclined to eat out even though restrictions have been eased | 37% | 23% | 60% | Higher among singles & lower SEG |
| There is much more choice now for takeaways; it's better than eating out | 38% | 21% | 59% | Higher in ROI, Under 55s, with kids |
| I can see myself eating more take-aways in the future compared to what I was doing prior to the pandemic | 27% | 14% | 41% | Much higher (57%) Under 35s, Male (43%) With kids (49%) |

■ Agree Somewhat ■ Strongly Agree

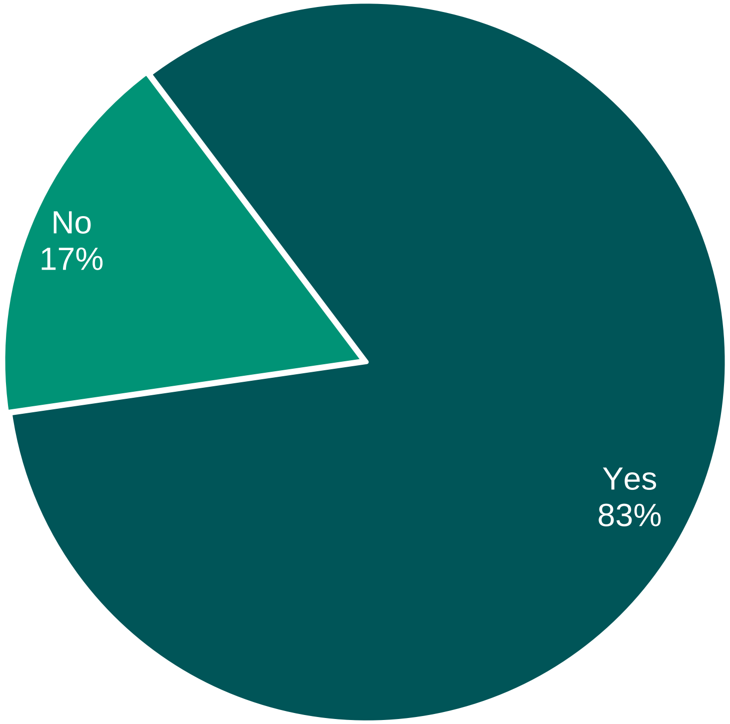
Q1. Here are some things that other people have said about eating out of home. To what extent do you disagree or agree with each of these statements?
(Base: All adults aged 18+ in IOI n=1,417)

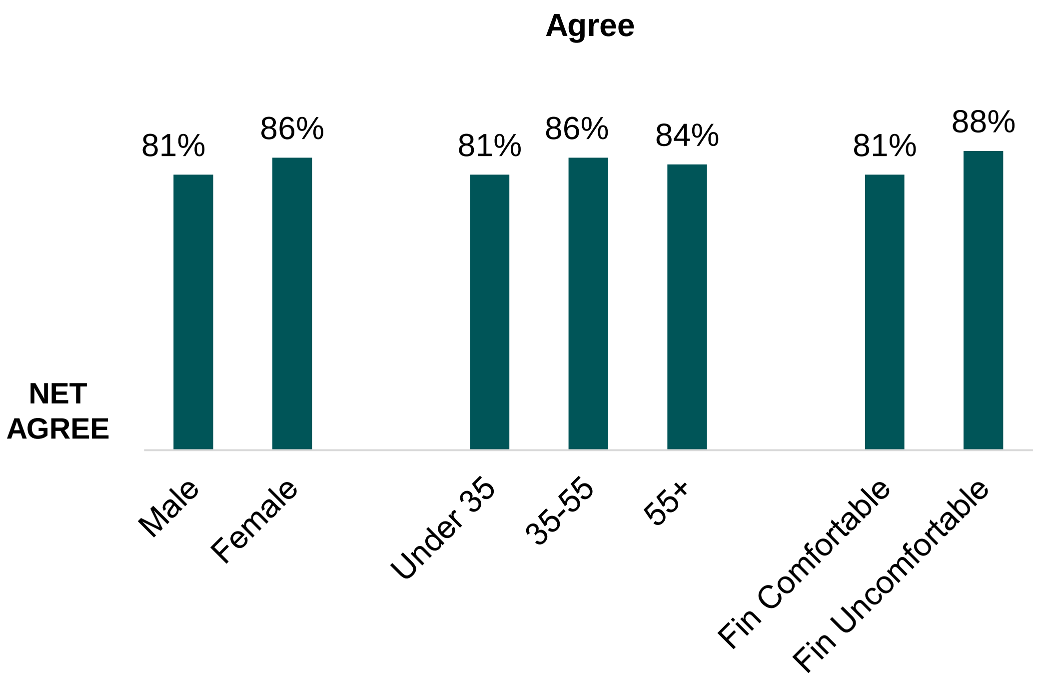
# Attitudes towards eating OOH—Expense

Cost increases are universally noted in foodservice since opening up.

This may be impacting on frequency and turning these out of home occasions into more indulgent options.

**I have found dining out very expensive since it has reopened**



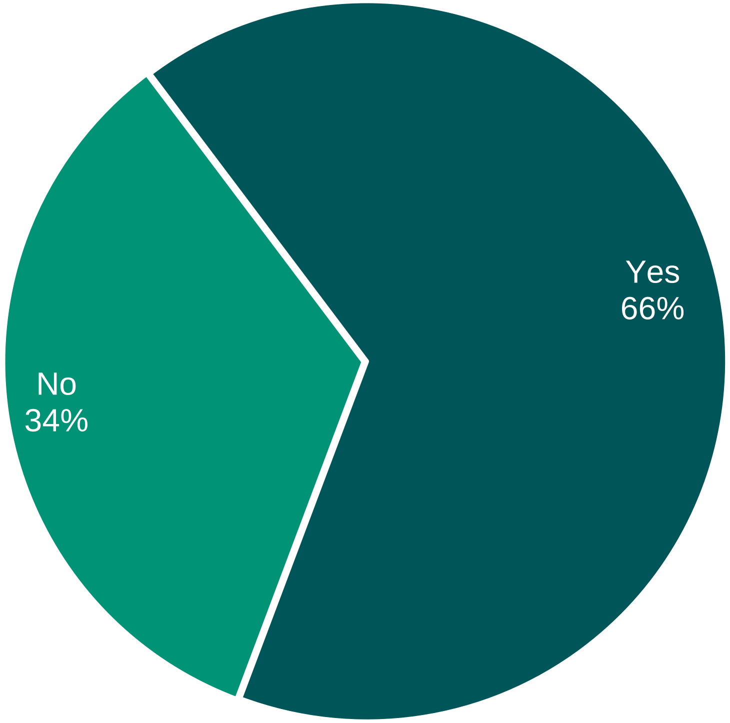

**Highest Among**
*Widespread, but higher among lower SEG*

(Base: All adults aged 18+ in island of Ireland n=1,417)
Q1. Here are some things that other people have said about eating out of home. To what extent do you disagree or agree with each of these statements?

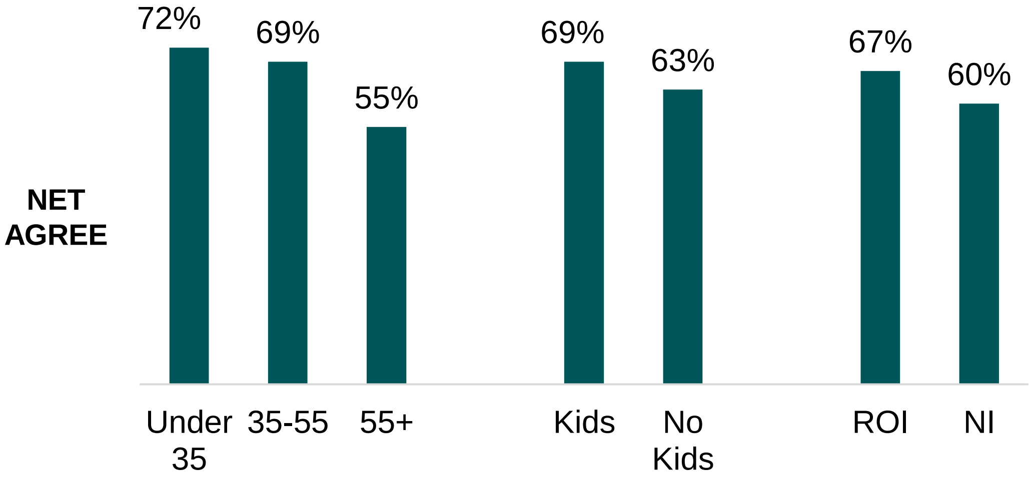
# Attitudes towards eating OOH - Technology

While we only touch on technology as a topic, it is evident that the younger consumer is more likely to embrace tech to minimise staff contact. This is potentially in large part for ease and convenience, as opposed to risk reduction, as this is the least “fearful” group.

**I like the idea of new technology in restaurants to minimize dealing with staff directly**




**Agree**




**Highest Among**

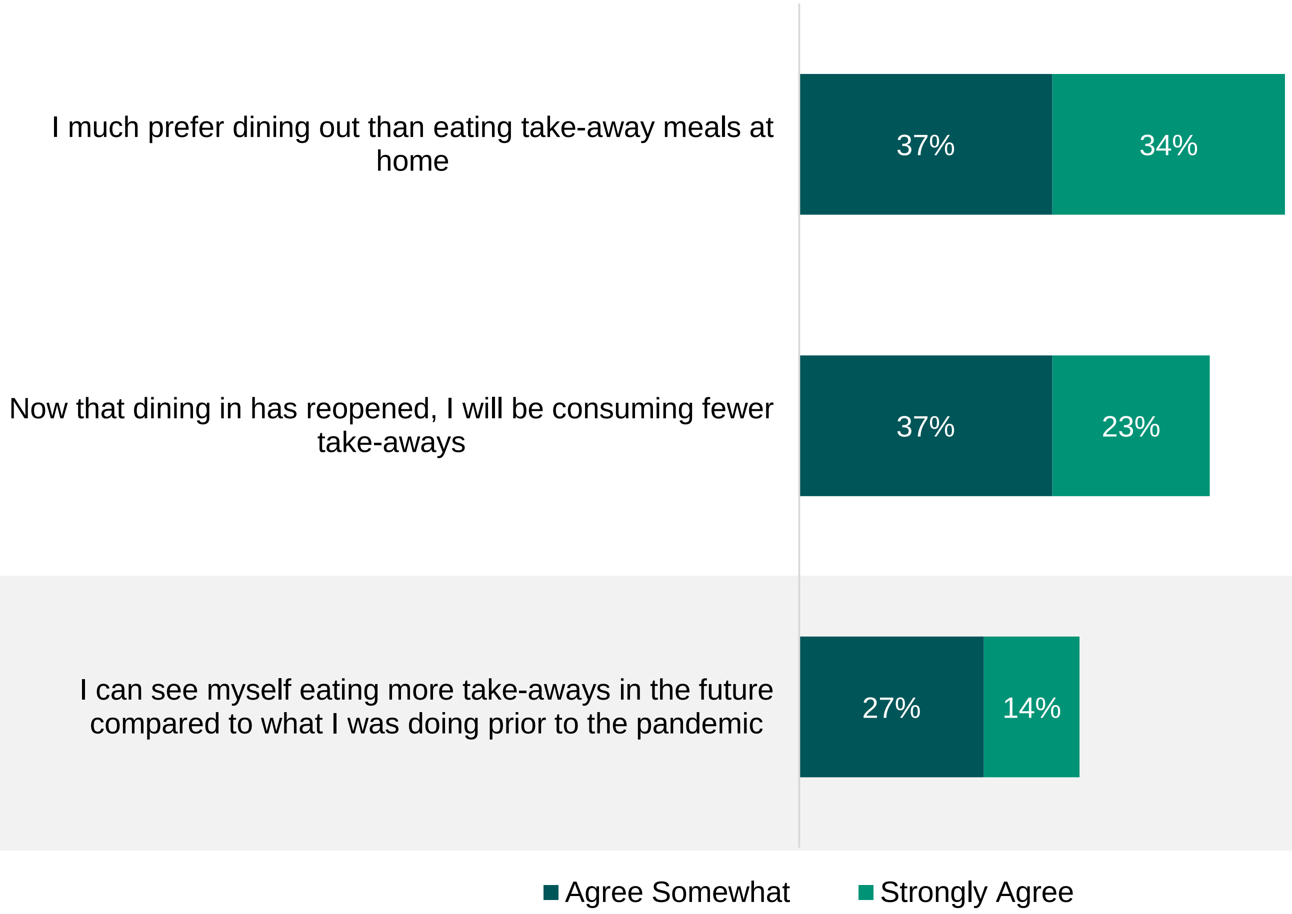
*Higher in ROI & amongst younger groups*

(Base: All adults aged 18+ in island of Ireland – n=1,417)
Q1. Here are some things that other people have said about eating out of home. To what extent do you disagree or agree with each of these statements?

# Post Lockdown Changing Behaviours

# Attitudes towards eating out of home

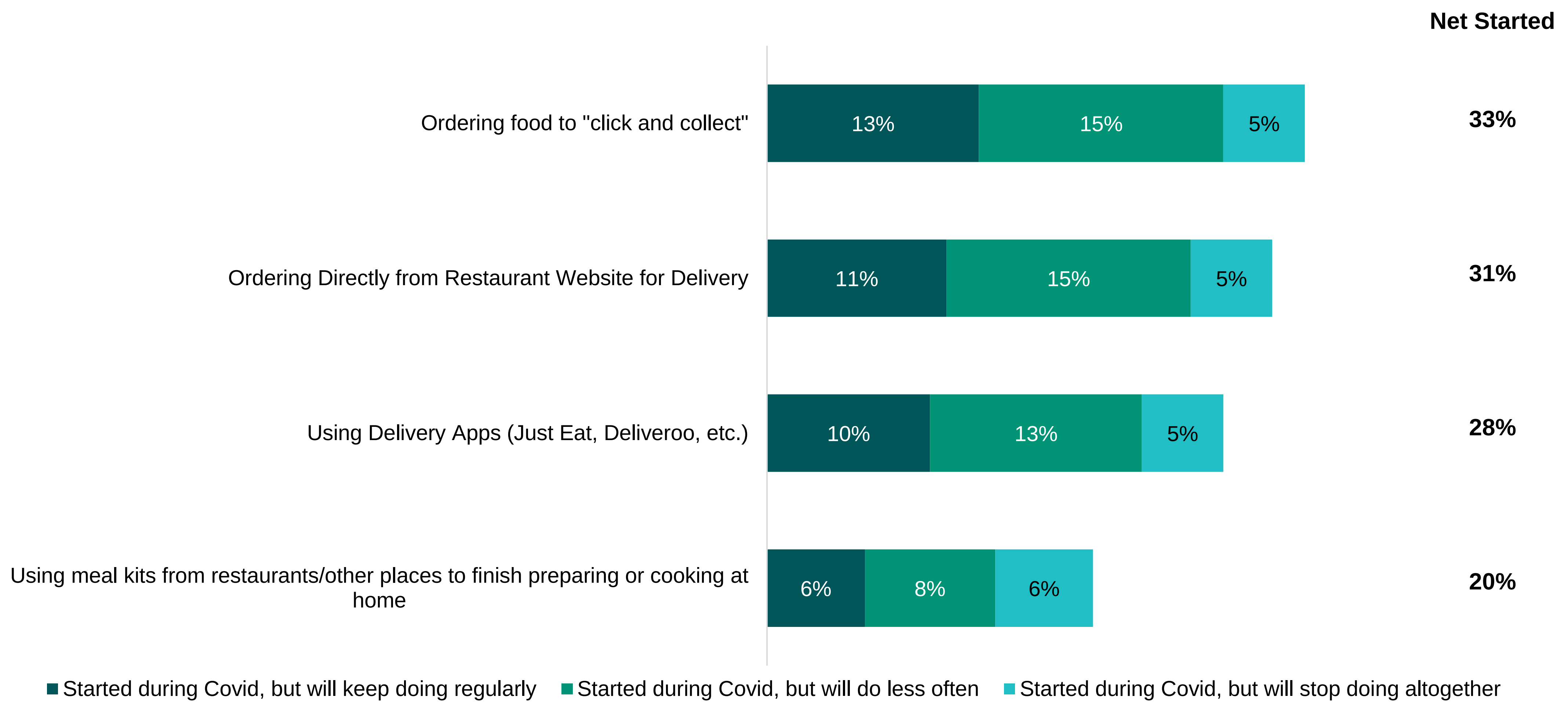
Takeaways, despite easing of restrictions have permeated the lifestyle of many, particularly younger families. This is likely to be something that will endure beyond the “great re-opening”.




| Total Agree | Highest Among |
|---|---|
| **71%** | 77% among **55+** |
| **60%** | Lifestage driven; single & early settlers who were highest takeaway users. **Higher in ROI** than NI |
| **41%** | Much higher (57%) Under 35s, Male (43%) With kids (49%) |

(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q1. Here are some things that other people have said about eating out of home. To what extent do you disagree or agree with each of these statements?

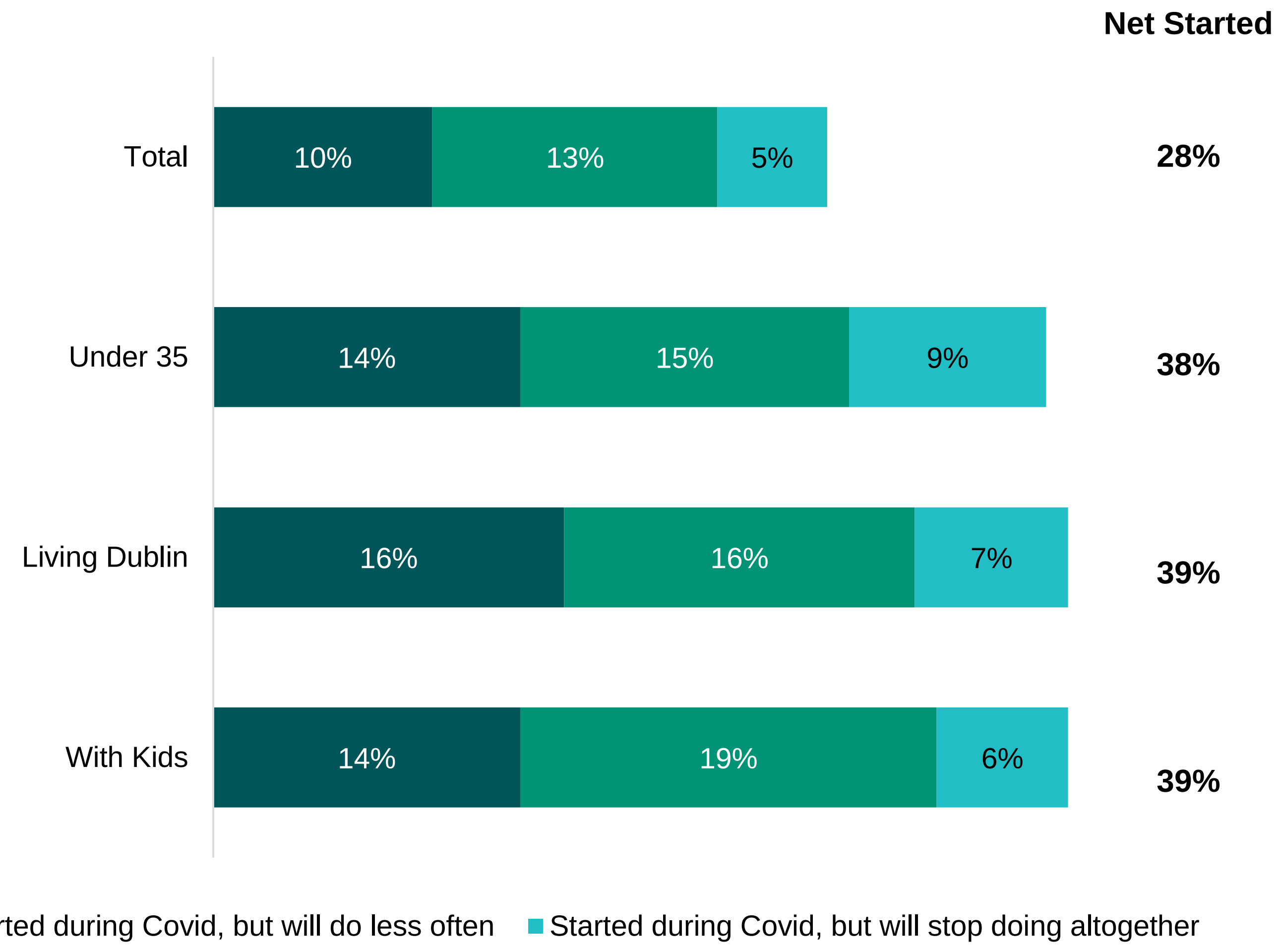
# Changing use of Services during Covid-19




(Base: All adults aged 18+ in island of Ireland – n=1,417)
Q5 Looking at these approaches to ordering and getting food from outlets to enjoy at home, which of these statements best describes your usage of each of these?

# Changing Use of Delivery Apps during Covid-19

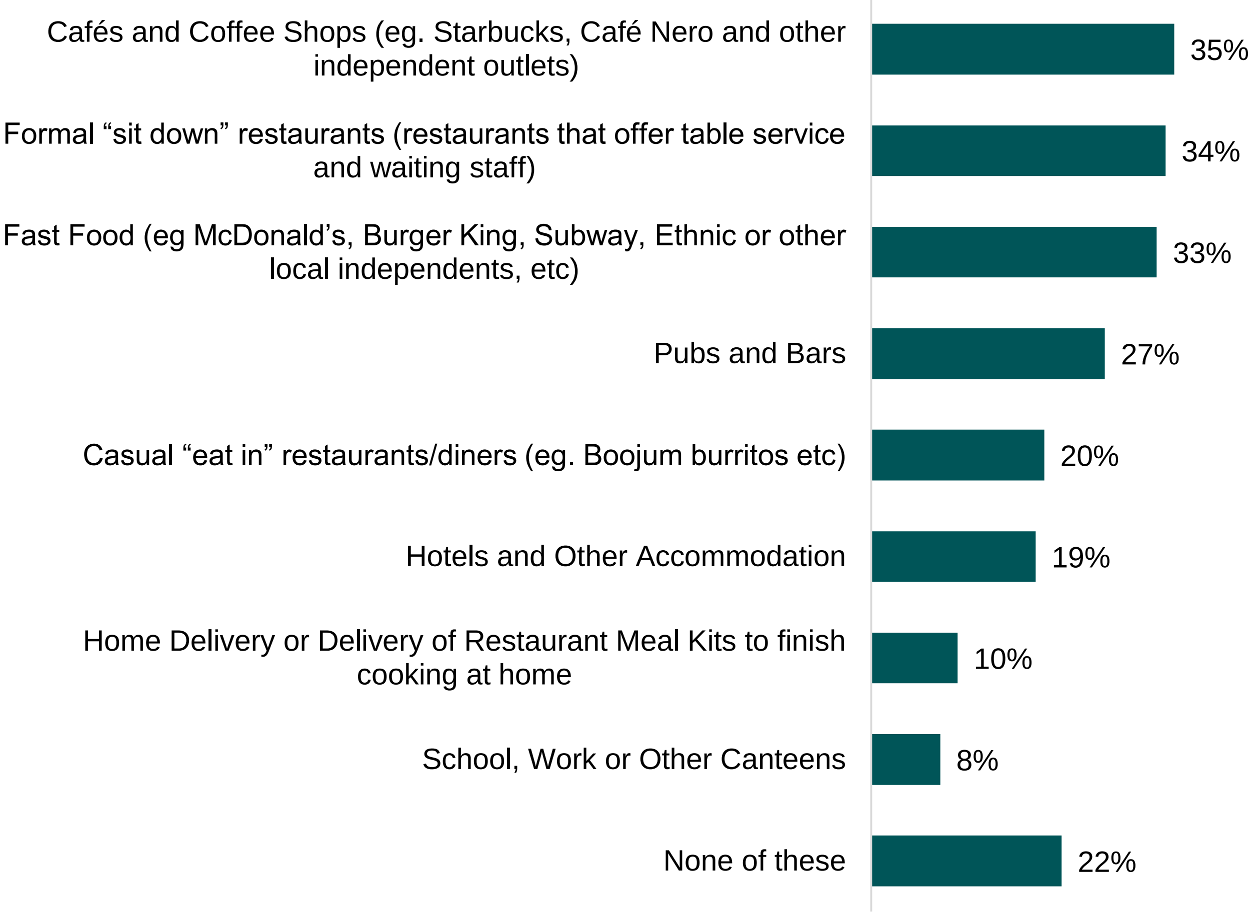
The easy-seekers in the younger family, urban groups have embraced delivery most.




(Base: All adults aged 18+ in island of Ireland – n=1,417)
Q5 Looking at these approaches to ordering and getting food from outlets to enjoy at home, which of these statements best describes your usage of each of these?

# Using regularly since society “opened up”

Fast food, pubs and bars are growing for younger consumers in particular. It seems that the return to foodservice overall is being driven very much by the younger cohorts.




**% Regularly**

| U35 | 35-54 | 55+ |
|---|---|---|
| 42% | 23% | 34% |
| 38% | 30% | 35% |
| 42% | 38% | 21% |
| 35% | 24% | 24% |
| 35% | 20% | 11% |
| 24% | 17% | 19% |
| 16% | 10% | 5% |
| 19% | 6% | 3% |

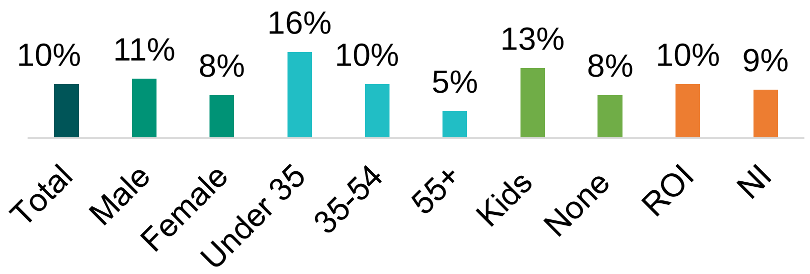
(Base: All adults aged 18+ in island of Ireland – n=1,417)
Q3. And which of these types of out of home eating options have you been using regularly since society has “opened up” post-Covid?

# Using regularly since society “opened up”

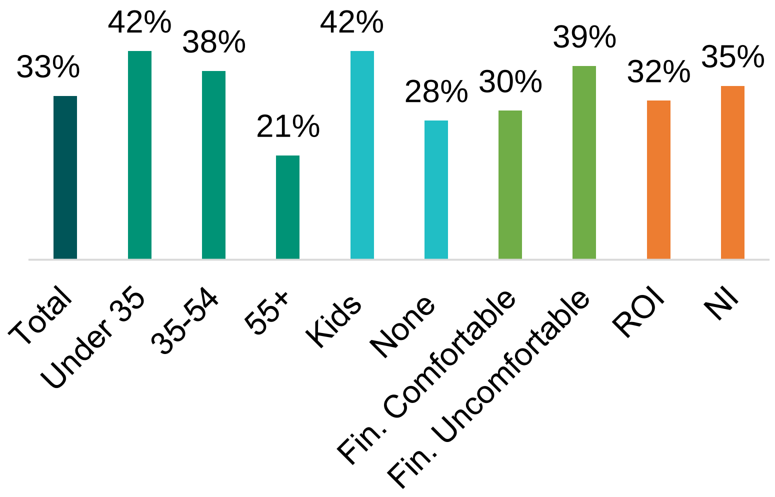
## % Regularly

Younger families are driving regular purchase of both home delivery and fast food, most likely as it provides a convenient and quick meal option.

**Home Delivery or Delivery of Restaurant Meal Kits to finish cooking at home**

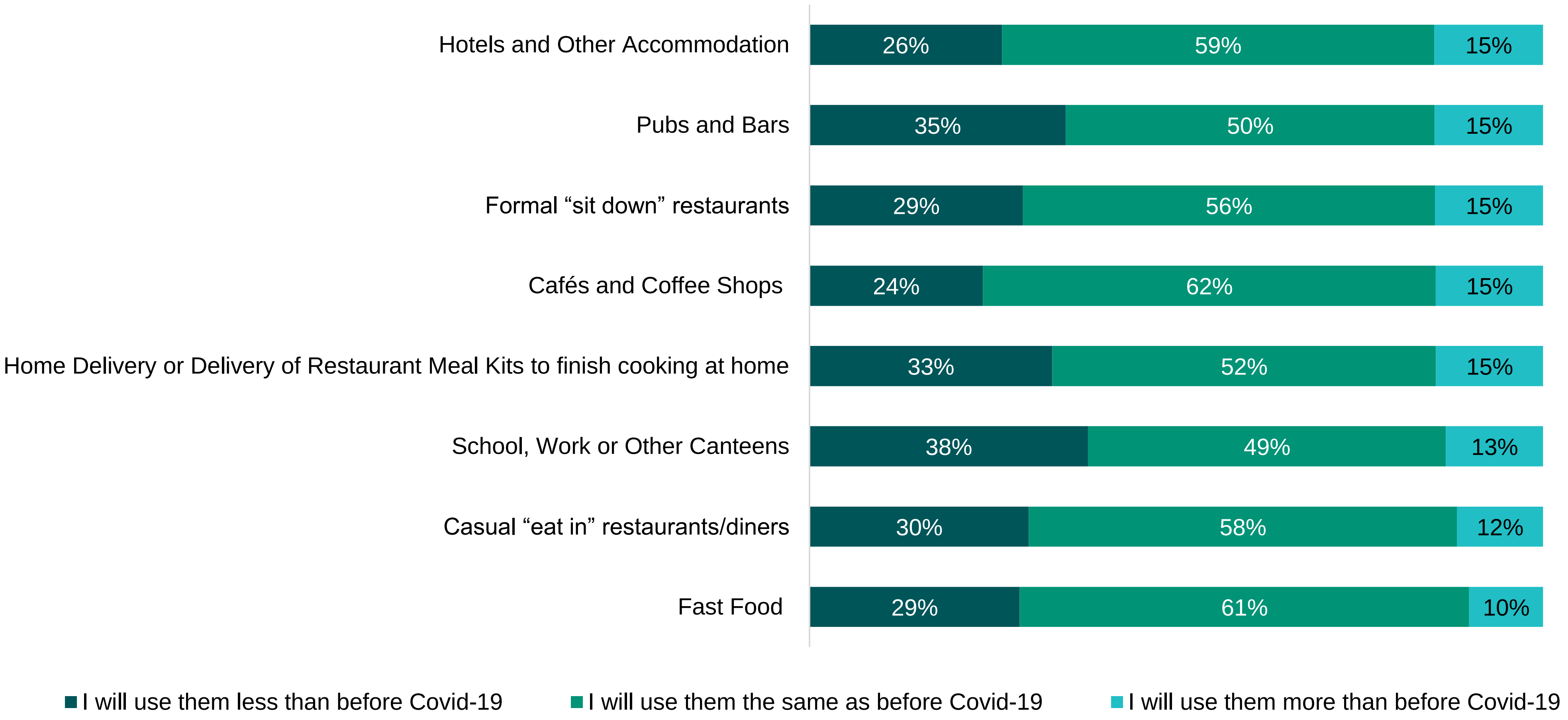



**Fast Food (E.g. McDonald’s, Burger King, Subway, Ethnic or other local independents, etc)**



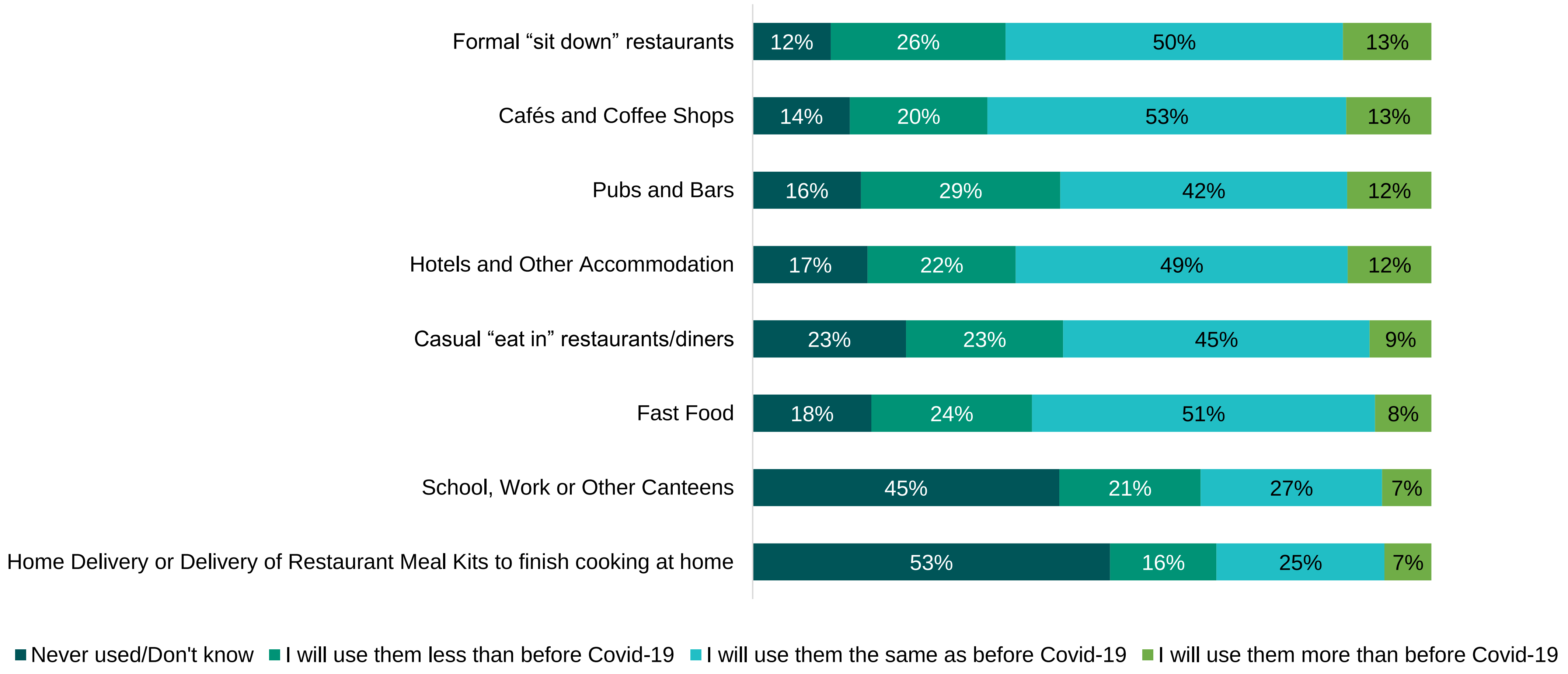

(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q3. And which of these types of out of home eating options have you been using regularly since society has “opened up” post-Covid?

# Expect change in frequency versus pre Covid-19




(Base: All adults aged 18+ in Ireland who previously used these services)
Q4. Now that Covid restrictions have been eased, can you please choose whether you expect your frequency of usage to increase compared with pre-Covid, decrease, or go back to the same frequency of usage as pre-Covid?

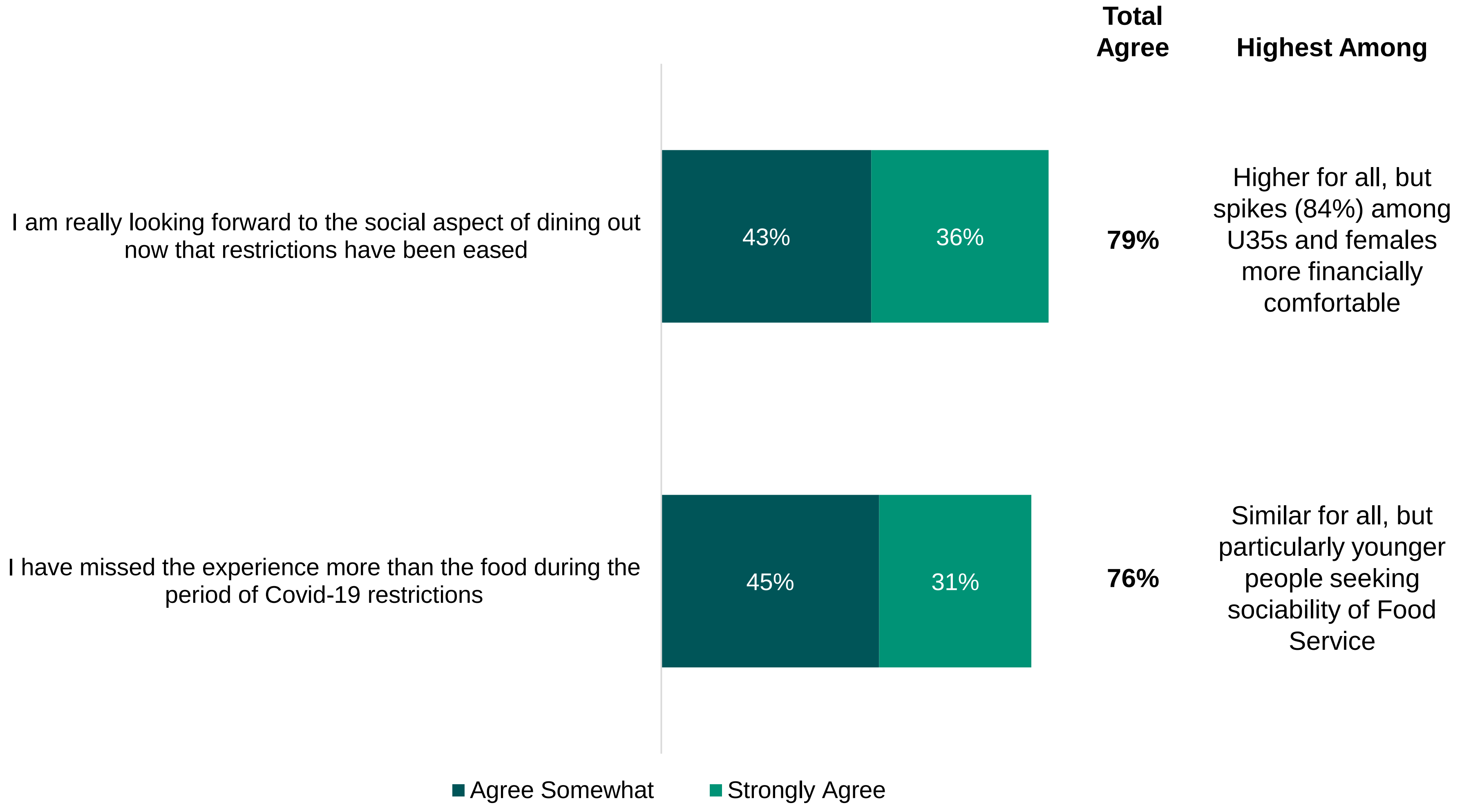
# Expect change in frequency versus pre Covid-19




(Base: All adults aged 18+ in island of Ireland – n=1,417)
Q4. Now that Covid restrictions have been eased, can you please choose whether you expect your frequency of usage to increase compared with pre-Covid, decrease, or go back to the same frequency of usage as pre-Covid?

# Attitudes towards eating out of home

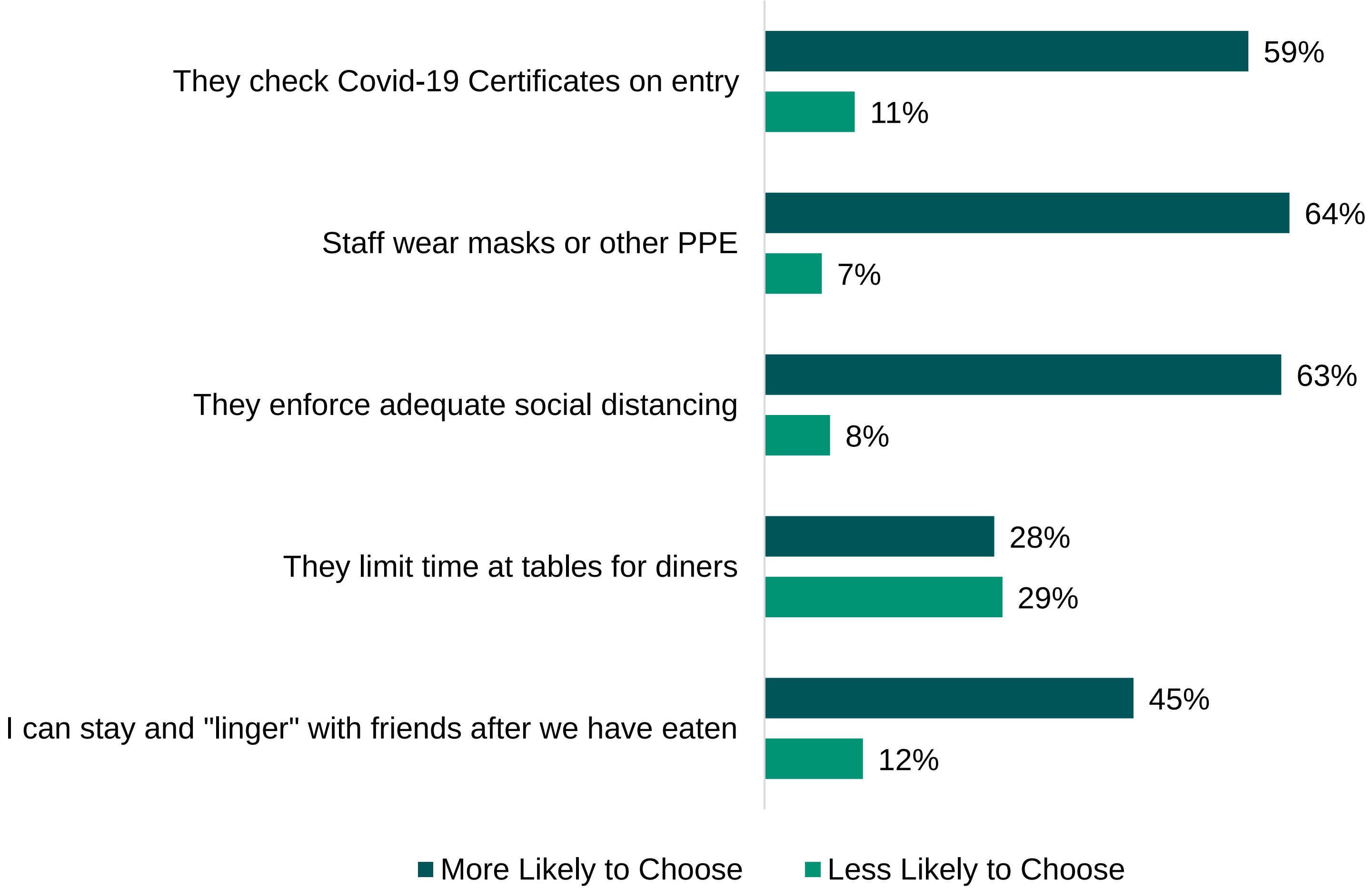
It is more about the experience than the food for many; particularly younger females craving the sociability of foodservice.




(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q1. Here are some things that other people have said about eating out of home. To what extent do you disagree or agree with each of these statements?

# Impact of Covid-19 related measures on choice

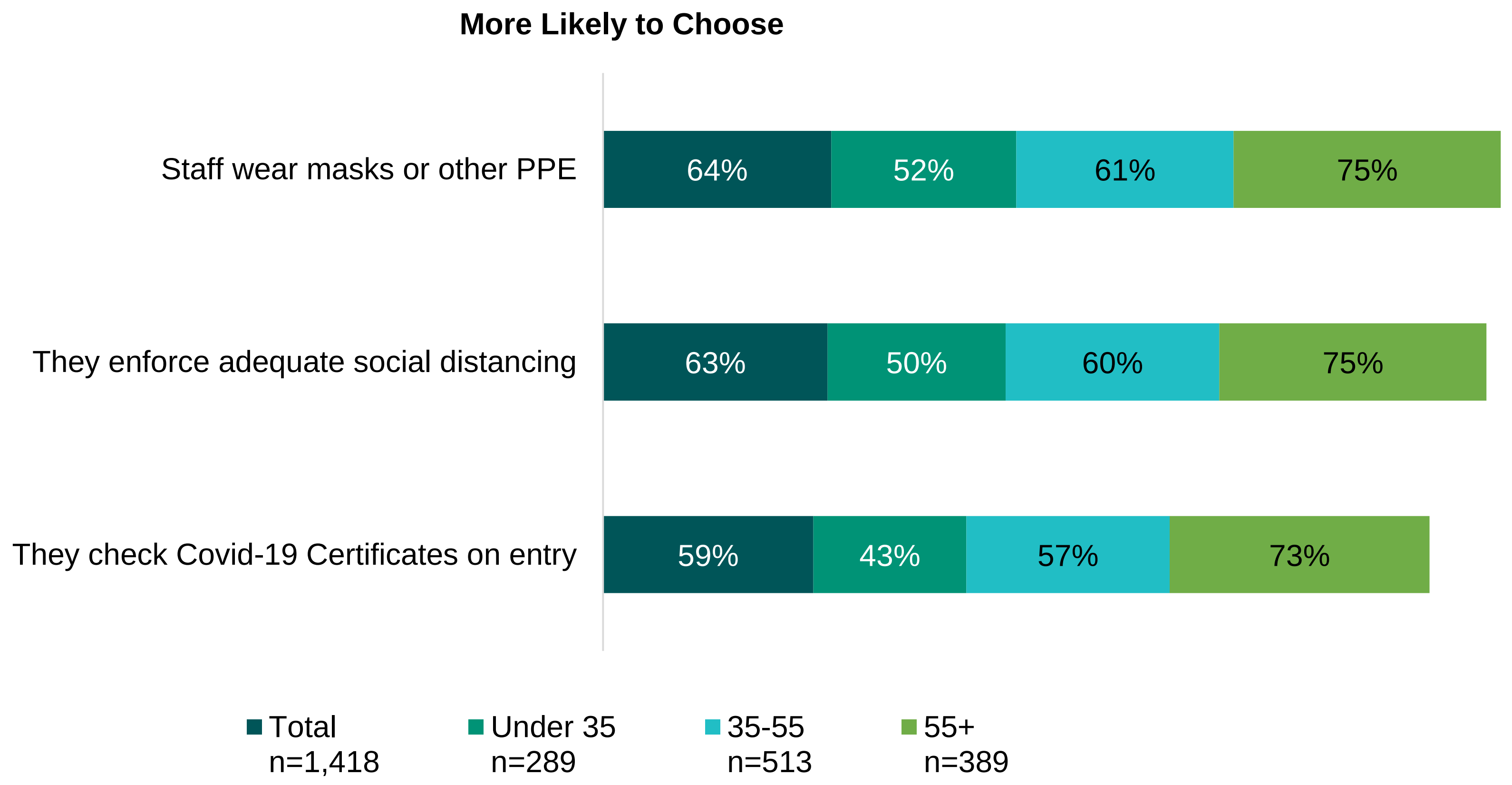
Covid-19 related measures become more important as people get older.




| | No Difference | Don't Know | Net Difference |
|---|---|---|---|
| They check Covid-19 Certificates on entry | **24%** | **6%** | **+48%** |
| Staff wear masks or other PPE | **25%** | **5%** | **+57%** |
| They enforce adequate social distancing | **25%** | **4%** | **+55%** |
| They limit time at tables for diners | **34%** | **9%** | **-1%** |
| I can stay and "linger" with friends after we have eaten | **35%** | **8%** | **+33%** |

(Base: All adults aged 18+ in island of Ireland – n=1,417)
Q6.To what extent would each of the following Covid-related measures make you more or less likely to choose a particular food outlet for out-of-home dining?

# Impact of Covid related measures on choice (Top 3)

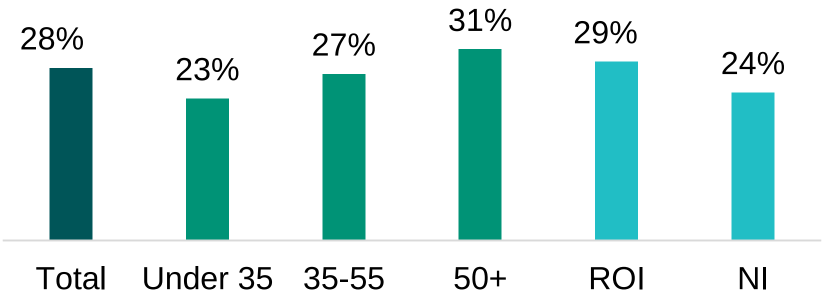



(Base: All adults aged 18+ in island of Ireland – n=1,417)
Q6.To what extent would each of the following Covid-related measures make you more or less likely to choose a particular food outlet for out-of-home dining?

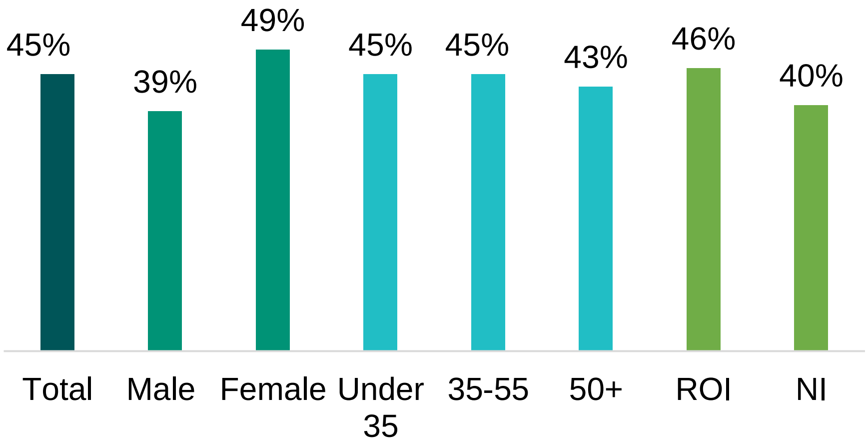
# Impact of Covid-19 related measures on choice

As a rule, older consumers favour mitigating measures against Covid-19 in foodservice.

**They Limit Time At Tables For Diners**
**% More Likely To Choose**




**That I Can Stay And Linger With Friends After We've Eaten**
**% More Likely To Choose**

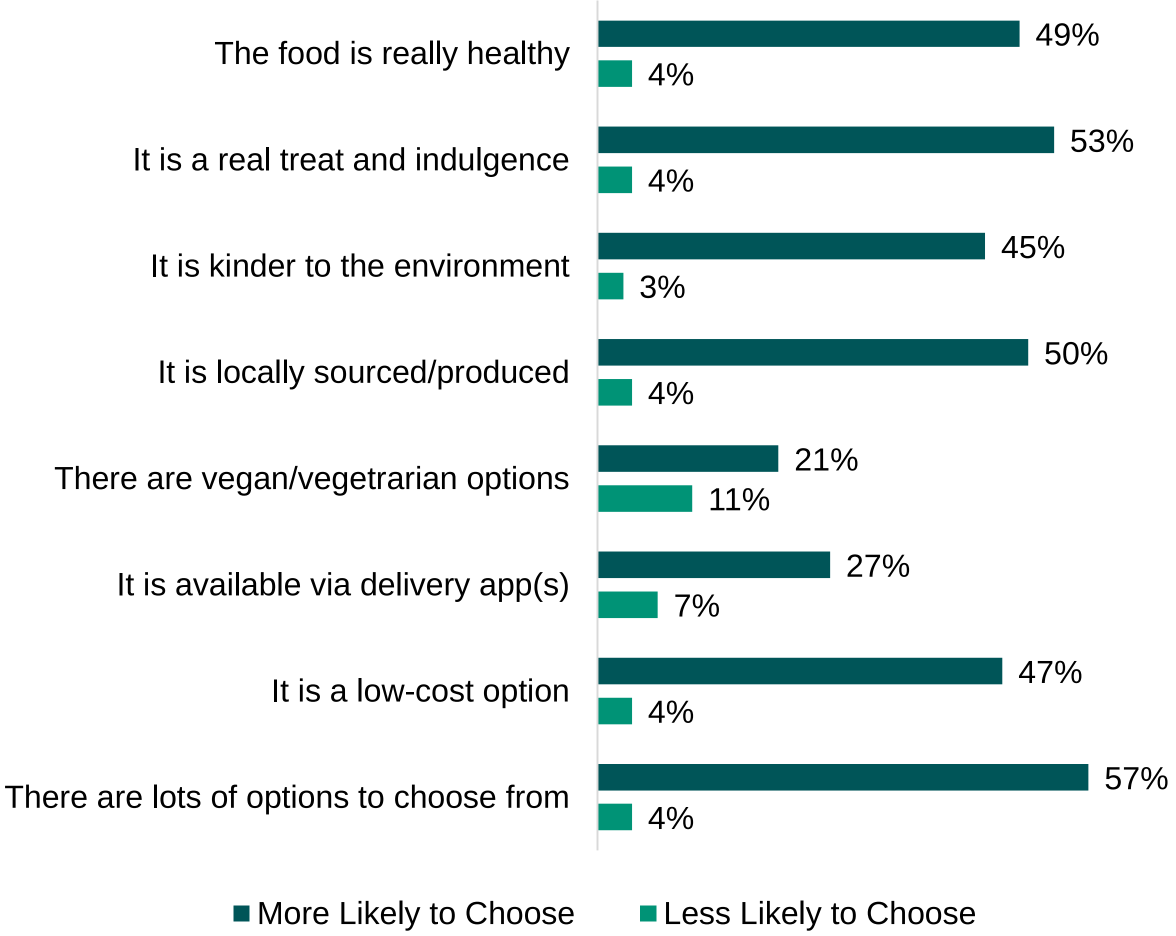



Q6.To what extent would each of the following Covid-related measures make you more or less likely to choose a particular food outlet for out-of-home dining?
(Base: All adults aged 18+ in island of Ireland—n=1,417)

# Changing Priorities

# Changing priorities

Covid-19 related measures become more important as people get older.



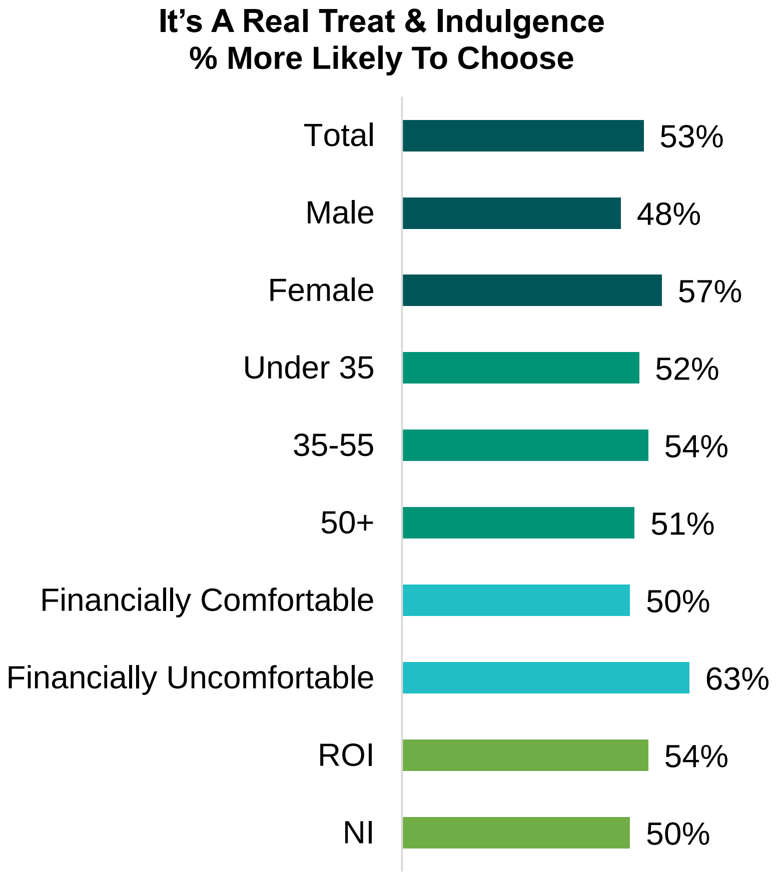

| | No Difference | Don't Know | Net Difference |
|---|---|---|---|
| The food is really healthy | **42%** | **6%** | **+45%** |
| It is a real treat and indulgence | **37%** | **7%** | **+49%** |
| It is kinder to the environment | **44%** | **8%** | **+42%** |
| It is locally sourced/produced | **40%** | **6%** | **+46%** |
| There are vegan/vegetrarian options | **59%** | **9%** | **+10%** |
| It is available via delivery app(s) | **57%** | **10%** | **+20%** |
| It is a low-cost option | **43%** | **6%** | **+43%** |
| There are lots of options to choose from | **33%** | **6%** | **+53%** |

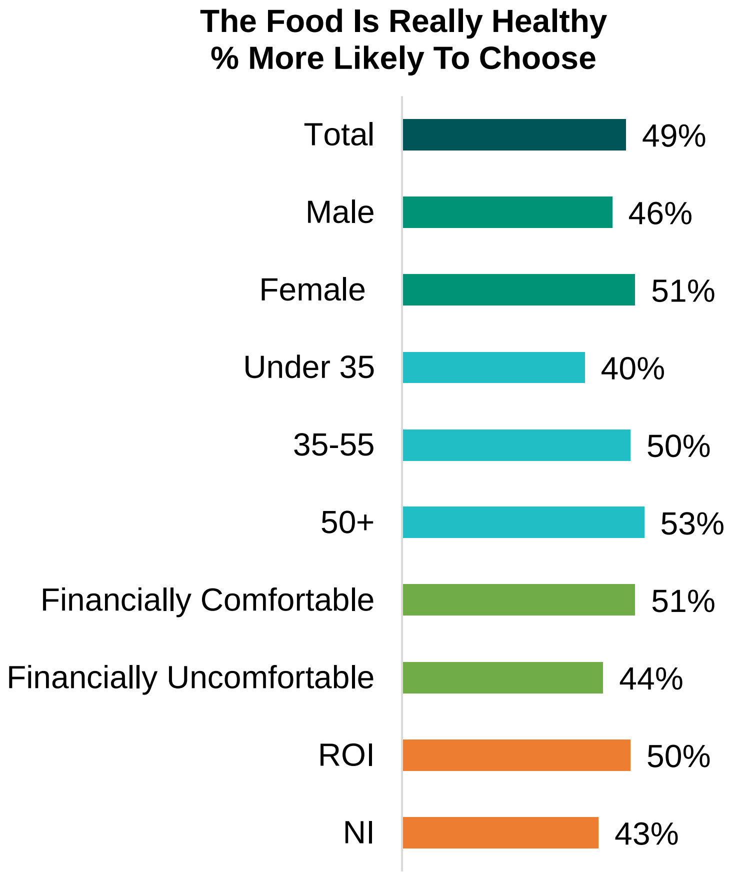
(Base: All adults aged 18+ in island of Ireland – n=1,417)
Q7.Many people have changed their priorities because of Covid-19. Have these items become more important or less important to you in influencing your choice of takeaway or "out of home" food and drink during this period? ?

# Changing priorities

## Comfort vs Control

Broadly 50:50 split between desire for healthy food and need for real treat/indulgence.



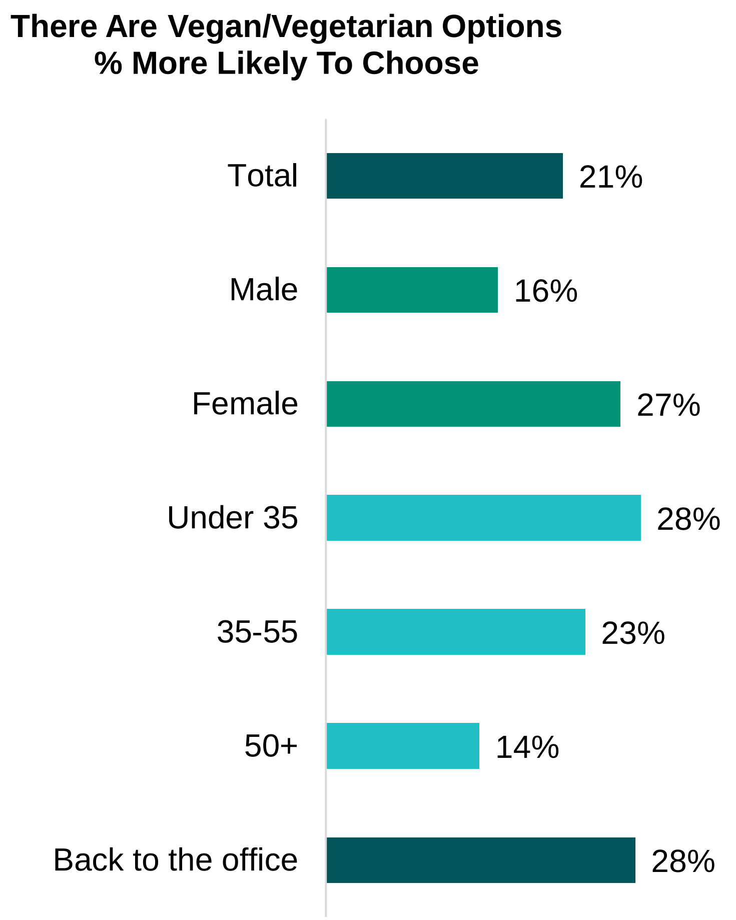




(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q7.Many people have changed their priorities because of Covid-19. Have these items become more important or less important to you in influencing your choice of takeaway or "out of home" food and drink during this period?

# Changing priorities

## Shielding through Food

As a result of Covid, consumers are 'shielding' themselves through food and drink that they perceive to offer additional nutritional benefits.

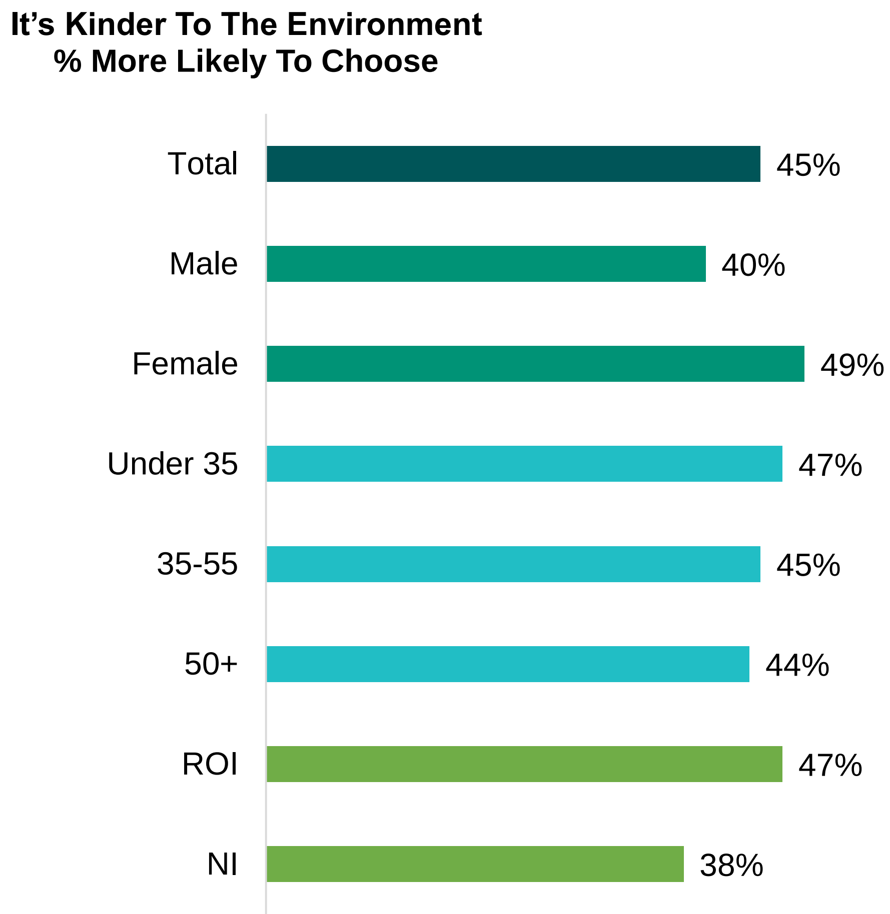



(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q7.Many people have changed their priorities because of Covid-19. Have these items become more important or less important to you in influencing your choice of takeaway or "out of home" food and drink during this period? ?

# Changing priorities

## Sustainability

Just under half claim they would be more likely to choose their takeaway or “out of home” food or drink if it was kinder to the environment as a result of Covid-19.



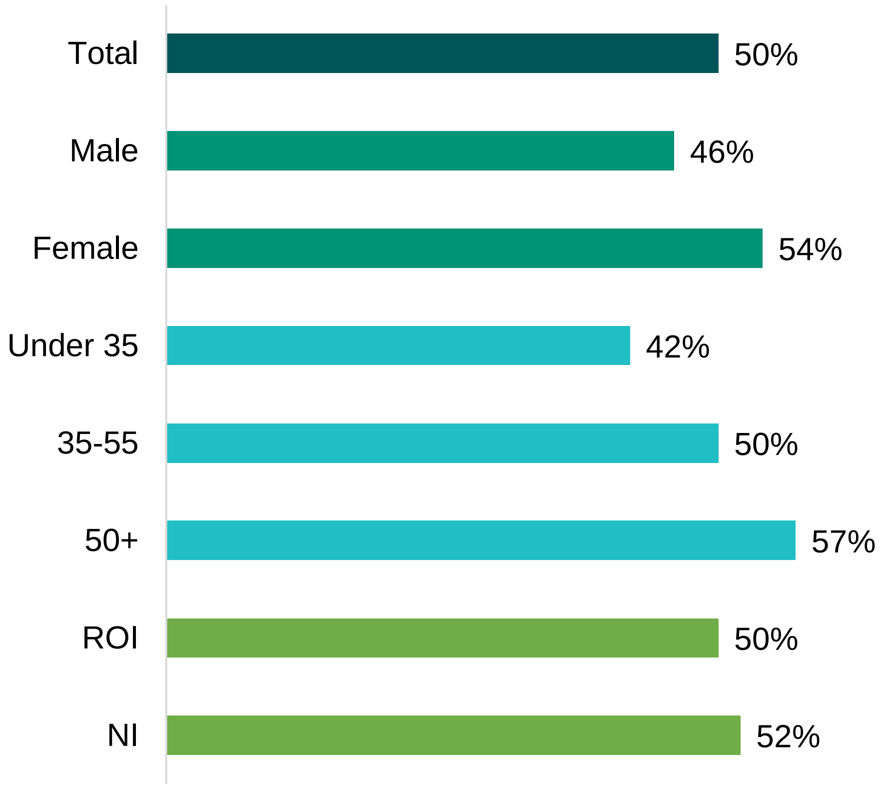

(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q7.Many people have changed their priorities because of Covid-19. Have these items become more important or less important to you in influencing your choice of takeaway or “out of home” food and drink during this period? ?

# Changing priorities

## Supporting the Community

Local sourcing is a focus for many and it is evident that Covid-19 has bolstered its potential to influence choice.

**It's Locally Sourced/Produced**
**% More Likely To Choose**

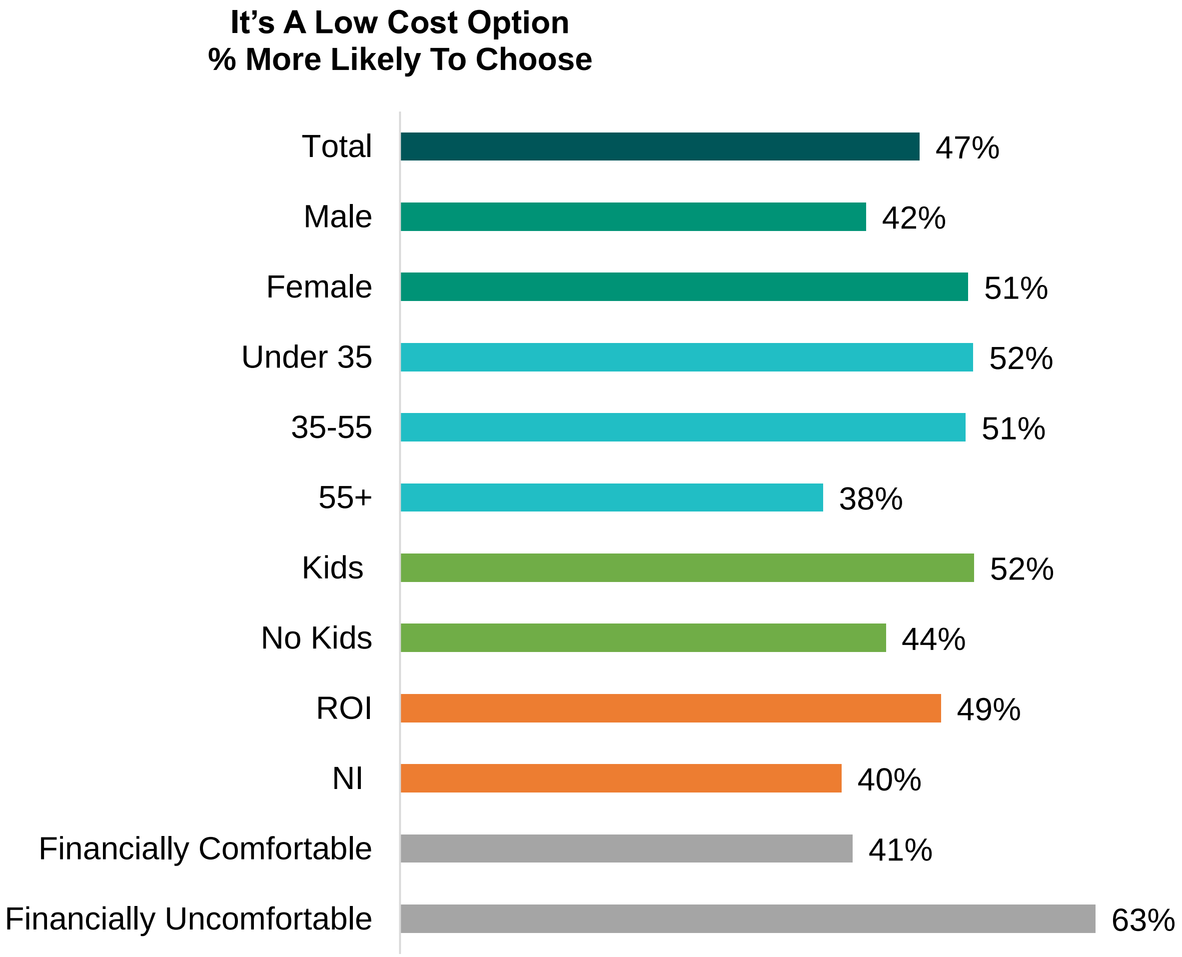



(Base: All adults aged 18+ in Ireland—1,417)
Q7.Many people have changed their priorities because of Covid-19. Have these items become more important or less important to you in influencing your choice of takeaway or "out of home" food and drink during this period? ?

# Changing priorities

## Seeking Value

Half of adults claim they would be more likely to choose their takeaway or "out of home" food or drink if it was a low cost option.



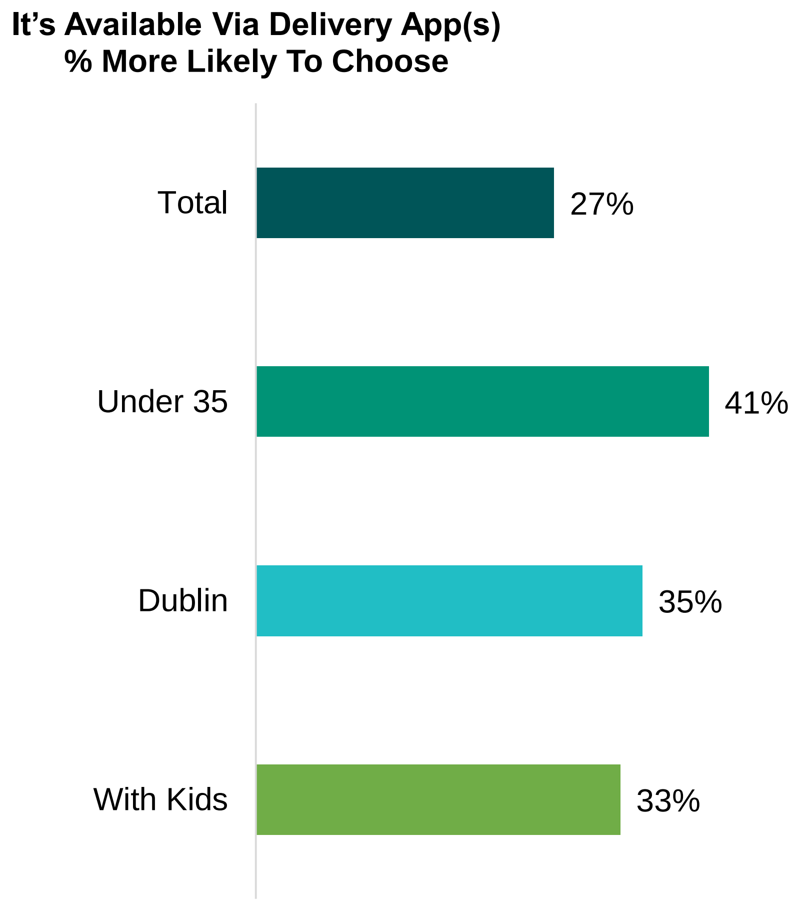

(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q7.Many people have changed their priorities because of Covid-19. Have these items become more important or less important to you in influencing your choice of takeaway or "out of home" food and drink during this period? ?

# Changing priorities

## Convenience is King

Urbanite and younger families prioritise ease, and Delivery Apps are part of this

**Highest Amongst**




(Base: All adults aged 18+ in island of Ireland—n=1,417)
Q7.Many people have changed their priorities because of Covid-19. Have these items become more important or less important to you in influencing your choice of takeaway or "out of home" food and drink during this period? ?

# Consumer Typologies

While high levels of agreement are evident across statements, **different cohorts** emerge based on attitudes and enthusiasm for foodservice

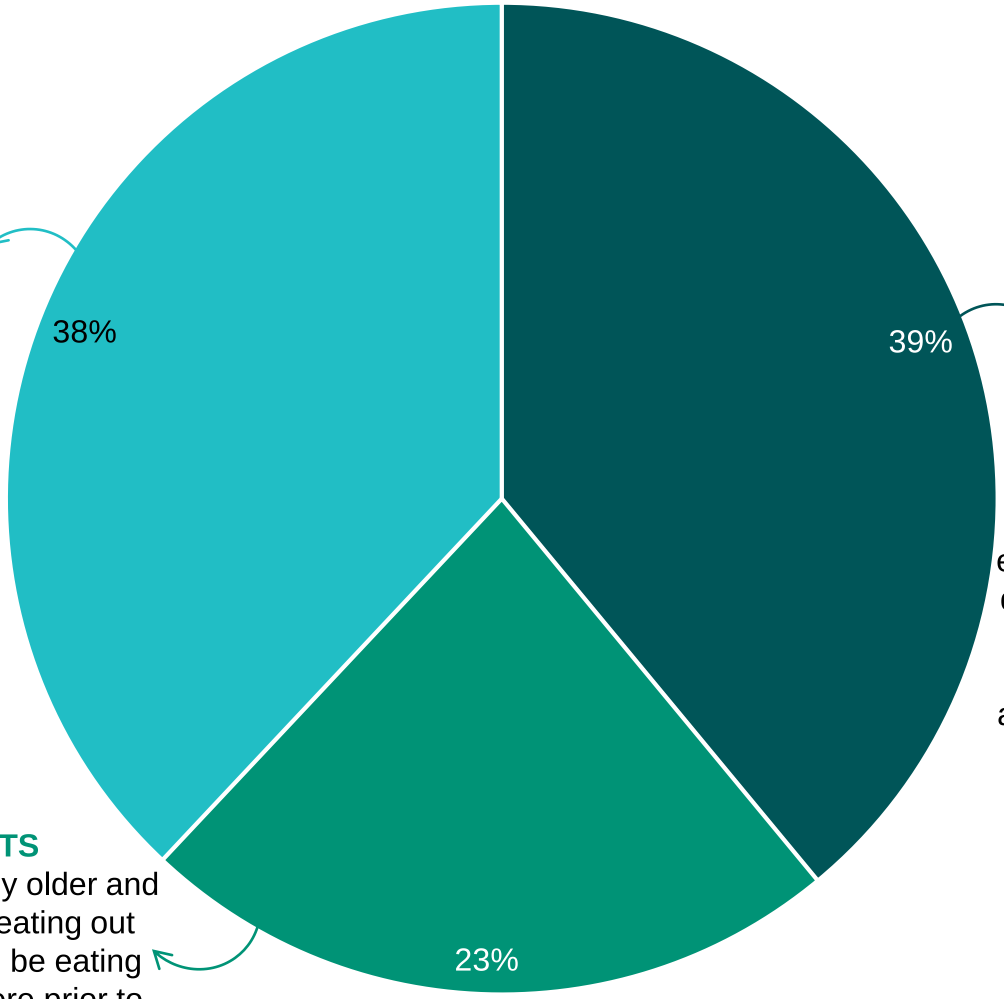
# Segmentation

These attitudinal cohorts were identified using a factor-based approach using the attitudinal statements seen previously.

A 3-segment model as shown here was the optimal solution, both statistically and intuitively, and these represent a potentially useful lens through which to view the market.

**HOMIES**

Homies are more likely to have younger kids and have a new found appreciation for takeaways/home delivery kits since the pandemic. They plan on continuing to increase their consumption of takeaways into the future and reduce the amount they eat out.



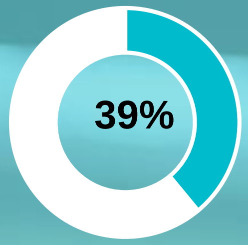

**OOH EMBRACERS**

A slightly higher proportion of females in this segment. They are looking forward to eating out again in formal dine in as well as pubs & bars. Most looking forward to the social aspect and experience of being out, which they have missed.

**OOH RELUCTANTS**

OOH Reluctants are slightly older and are more nervous about eating out again. Generally, they will be eating out less now than they were prior to Covid-19, including both dine in bars/ pubs and takeaways.

# OOH Embracers—Who are they?




of the total nat. rep sample

**57%** 43%

**<35** 22%
**35-55** **43%**
**56+** 34%

**63%** Without Kids

Highest proportion in **Munster** (26%)

Most **financially comfortable** segment
*+9% above next closest*

## What they missed and what they're doing now?

Most likely to have missed **eating in formal sit in** restaurants and going out to **pubs & bar**.

Hence, unsurprisingly they are the most likely to be **eating out** and in **pubs & bars since the reopening**.

## Attitudes to eating out of home

OOH Embracers who are most likely to agree that they **much prefer eating out than getting take-aways** are most **looking forward to eating out again**.

They are the ones most looking forward to **the social aspect** and **the experience** of eating out.

## What will they do in the future?

Most likely to **eat out in formal sit-down restaurants and in pubs & bars more** now than prior to Covid-19.

## Drivers of choice

More likely to choose restaurants that have **lots of options** and use **locally sourced produce,** versus other segments.

Restaurants that have **time limits on tables** are a deterrent for OOH Embracers.

# OOH Reluctants—Who are they?

**23%** of the total nat. rep sample

49% 51%

Highest proportion in **Dublin** (26%)

Age
**<35** 13%
**35-55** 49%
**56+** **38%**

Most **financially uncomfortable** segment

**66%** Without Kids

## What they missed and what they're doing now?

OOH Reluctants missed **eating out the least** across the three segments and are the **least likely to have eaten out or gone to pubs & bars** since the reopening.

## Attitudes to eating out of home

This segment are the most **nervous about eating out** as well as being the most likely to agree that **safety measures** in restaurants are **inadequate**.

They have found it the **most difficult to enjoy eating out** with the restrictions, while also being the most likely to claim that they have **found eating out expensive**.

They are the **least likely to eat out** even with restrictions lifted.

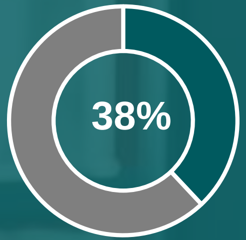
## What will they do in the future?

OOH Reluctants most likely to **reduce the amount they eat out in formal settings and in pubs & bars** compared to before the pandemic.

## Drivers of choice

Most likely to choose restaurants that **check Covid-19 certificates**.

# Homies—Who are they?




of the total nat. rep sample

46% | 54%

Age

| | |
|---|---|
| <35 | 29% |
| 35-55 | 51% |
| 56+ | 20% |

**52% With** Kids—48% <12

Highest proportion in **Dublin/ROL** (23%)

Middle of the road in terms of financial comfort

## What they missed and what they're doing now?

Homies missed **casual eat in restaurants**, **eating in school**, work or other canteens and **home delivery/kits** the most. They were also the most likely to **miss spending time with work/education colleagues**.

This segment have continued **to purchase home delivery/meals kits** the most since the reopening.

## Attitudes to eating out of home

Overall, Homies will be most likely **to continue to consume takeaways at home** and claim that there is much more **choice in takeaways making them better than eating out**.

Most in favour of the idea of **new technology in restaurants** to reduce direct contact with staff.

## What will they do in the future?

Homies will be most likely to consume **fast food** and **home delivery kits** in the future as well eating in school, work or other **canteens** more.

## Drivers of Choice

Having witnessed the biggest uptake in the use of delivery apps during Covid-19, this segment are most likely to choose restaurants that are **available through a delivery app** and restaurants that offer **vegan and vegetarian options**.

# Section Six:

## Channel Analysis

# 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).

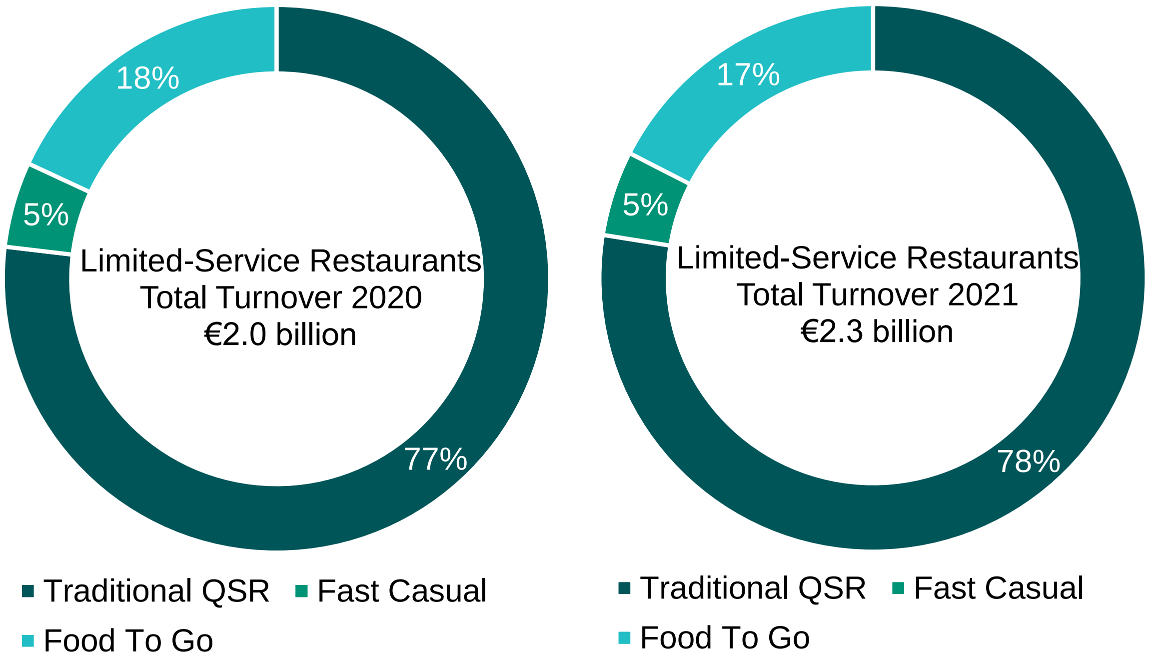
The total limited-service segment in 2021 is valued at €2.3 billion in consumer spending. This includes both spending in ROI and NI. This segment has grown by 16% in 2021, increasing by €328 million.

Traditional quick-service restaurants (QSRs) account for 78% of total consumer spending, this increased slightly against last year as QSR continues to see some of the strongest performance not only in LSR but in the broader foodservice industry.

The the food-to-go sector, which in 2020 made up 18% of limited service, accounts for 17% in 2021. While parts of food-to-go have seen strong growth, city centre locations remain challenged. Finally, fast casual remained relative constant at 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.

**2020/21 Change: +16%**
**Revenue Change: €328 million**




Source: Bord Bia, Technomic

# 2021 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**

- Broadly speaking, QSR has performed above industry average, given its orientation toward takeaway and delivery. In 2021, QSRs were generally open and were generating revenue (often via off-premise initiatives) even as other parts of the industry were shuttered.
- Operators in residential and suburban areas reported stronger growth; city centre QSRs remain challenged as footfall and tourism remain much lower in these areas. While the overall sector remains below 2019 levels, some operators actually reported sales levels that exceeded pre-pandemic levels.
- Operators note a continued orientation toward items that travel well (i.e. dashboard friendly). Even with some return to dine-in, off-premise will remain a critical focus for QSR operators, and technology investments will continue to drive continued growth in the ability to facilitate off-premise ordering and payment.

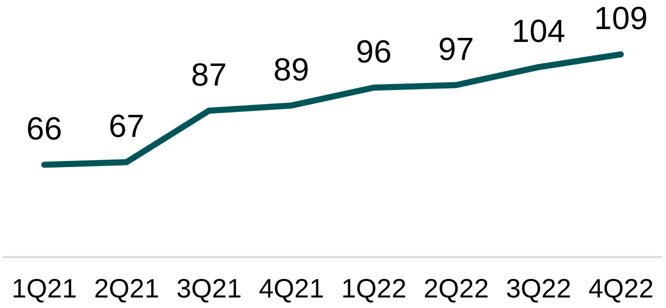
**Republic of Ireland**

- €1.32B in turnover
- €616M in food and beverage purchases
- Growth of 16% in value in 2021
- Forecasted increase of 32% in value in 2022
- 2021 Index=77
- 2022 Index=102

**Northern Ireland**

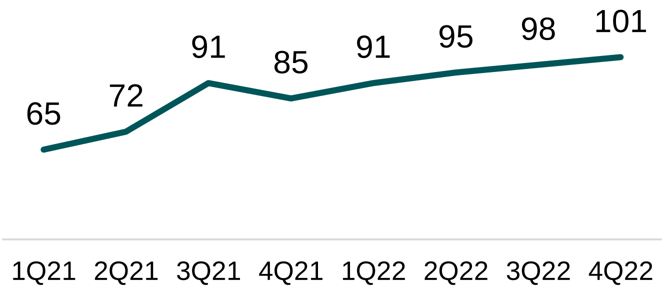
- €486M in turnover
- €166M in food and beverage purchases
- Growth of 21% in value in 2021.
- Forecasted increase in value of 23% for 2022.
- 2021 Index=80
- 2022 Index=98

**Index of Value to 2019: ROI**
**2021 and Projected 2022**




**2021 Growth: 16%**
**2022 Growth (F): 32%**

**Index of Value to 2019: NI**
**2021 and Projected 2022**




**2021 Growth: 21%**
**2022 Growth (F): 23%**

Source: Bord Bia, Technomic

# 2021 Review of Fast-Casual Restaurant (FCRs)

**Segment Definition**

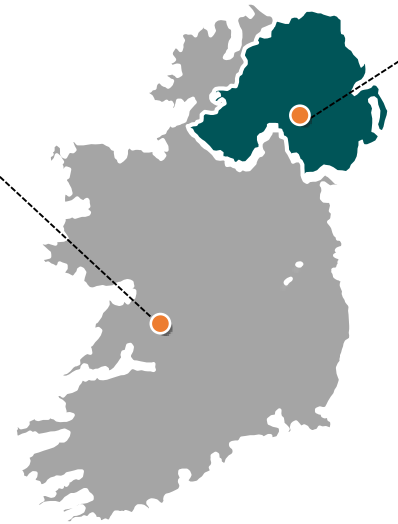
- Fast casual restaurants (FCRs) are considered limited service, but are generally more upscale, investing more in the design and ambiance of the operation. It is a pay-first service system with limited or no tableside service.
- Food quality is generally perceived to be higher, and the price points tend to be €8-9 or higher per person.
- Similar to traditional QSRs, fast-casual restaurants are often systemised with limited, focused menus.

**Key Trends**

- Fast casual tends to have a city centre/high street focus in terms of its locations; as such, the performance of fast casual during 2021 has not kept pace with other Limited Service sectors.
- As with QSR, fast casual operators have invested heavily in takeaway capabilities and have emphasized delivery in urban areas.

**Republic of Ireland**

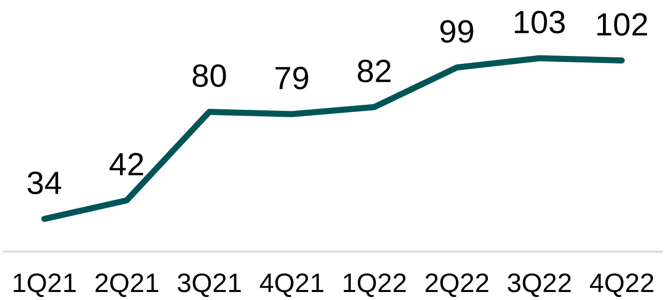
- €84M in turnover
- €31M in food and beverage purchases
- Growth of 13% in value in 2021
- Forecasted increase of 65% in value in 2022
- 2021 Index=59
- 2022 Index=97



**Northern Ireland**

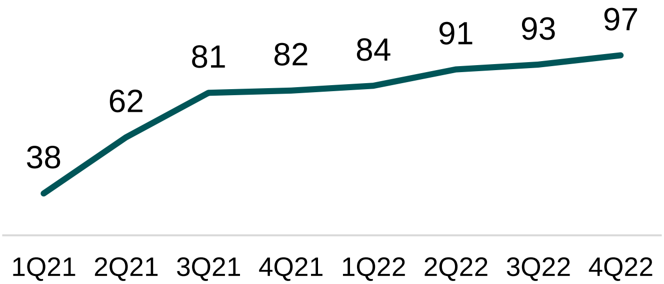
- €32M in turnover
- €13M in food and beverage purchases
- Growth of 26% in value in 2021.
- Forecasted increase in value of 39% for 2022.
- 2021 Index=67
- 2022 Index=93

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +13%**
**2022 Growth (F): +65%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +26%**
**2022 Growth (F): +39%**

Source: Bord Bia, Technomic

# 2021 Review of Food-To-Go (FTG)

**Segment Definition**

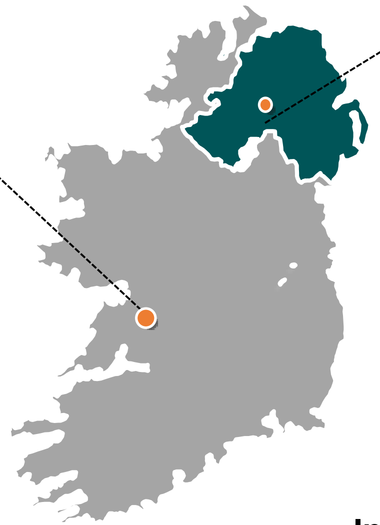
The food-to-go (FTG) segment includes convenience stores, supermarket prepared foods and petrol stations with forecourt convenience stores.

**Key Trends**

- This sector has seen a dichotomy in terms of performance. These operations overall have generally remained open even as other parts of the industry had restrictions in place earlier in the year.
- Operators situated along motorways have had strong success as restrictions have been lifted and consumers have returned to traveling within Ireland. During the summer months, this area of food-to-go did particularly well.
- On the other hand, convenience driven FTG operations located in urban areas have suffered the same situation as other types of foodservice within these areas and have seen ongoing lower turnover levels relative to pre-pandemic levels.
- With labour and supply chain challenges, these operators tend to have streamlined menus and are often evaluating opening hours to determine how best to maxmise revenue opportunities. Many have had to open later or close earlier.
- Coffee programmes remain a bright spot, and many operators have also invested in “indulgent” items that offered their consumers a treat.

**Republic of Ireland**

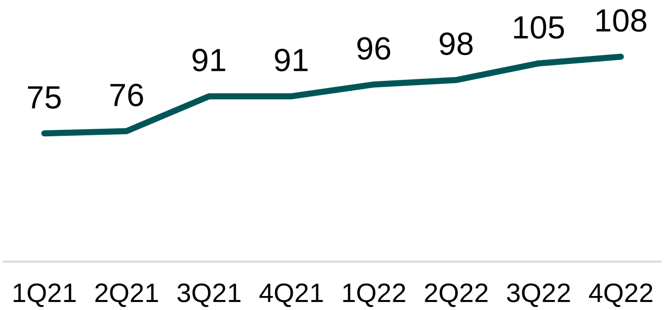
- €340M in turnover
- €120M in food and beverage purchases
- Growth of 11% in value in 2021
- Forecasted increase of 22% in value in 2022
- 2021 Index=83
- 2022 Index=102



**Northern Ireland**

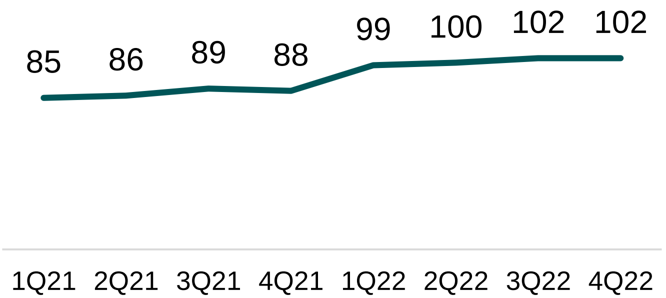
- €67M in turnover
- €23M in food and beverage purchases
- Growth of 19% in value in 2021.
- Forecasted increase in value of 16% for 2022.
- 2021 Index=89
- 2022 Index=102

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +11%**
**2022 Growth (F): +22%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +19%**
**2022 Growth (F): +16%**

Source: Bord Bia, Technomic

# 2021 Review of Full-Service Restaurants (FSRs)

## Segment Definition

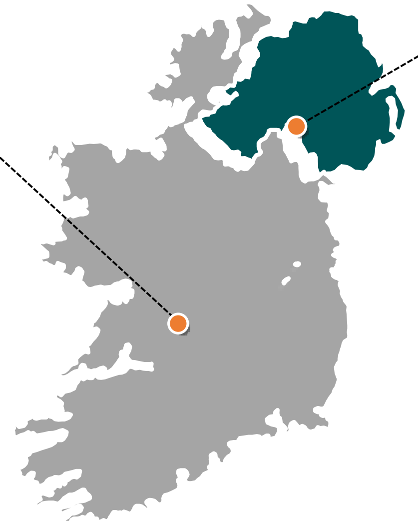
- Full-service restaurants (FSRs) generally focus on serving lunch or dinner. Subchannels include both casual dining and white-tablecloth restaurants.
- Menus offer a complete range of items often using fresh ingredients—starters, soups, main courses and desserts. Meals are often accompanied by a wine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

## Key Trends

- FSRs have experienced some of the largest challenges during the Covid-19 pandemic. For most of the first half of the year, dine-in was restricted, and any turnover was driven by takeaway or delivery, until restrictions were lifted at the end of July.
- Throughout the rest of summer, FSRs in tourist areas within Ireland experienced a mini "boom" and in some cases saw monthly turnover at or above summer 2019 levels. However, this was not the case in much of Dublin nor in some of the larger urban markets that did not see a rush of tourism.
- Initial expectations for a strong winter and Christmas were somewhat dashed by restrictions on distancing and required vaccine certifications that were left in place, but optimism remains that the fourth quarter and into 2022 will see continued growth.
- Big concerns remain around tourism and the return to the office; both have a significant impact on operator success in urban locations.

**Republic of Ireland**

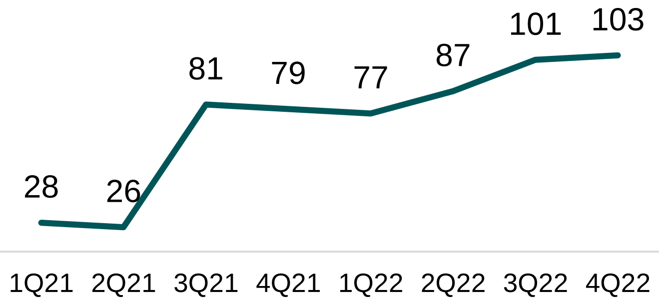
- €384M in turnover
- €123M in food and beverage purchases
- Growth of 23% in value in 2021
- Forecasted increase of 73% in value in 2022
- 2021 Index=53
- 2022 Index=92



**Northern Ireland**

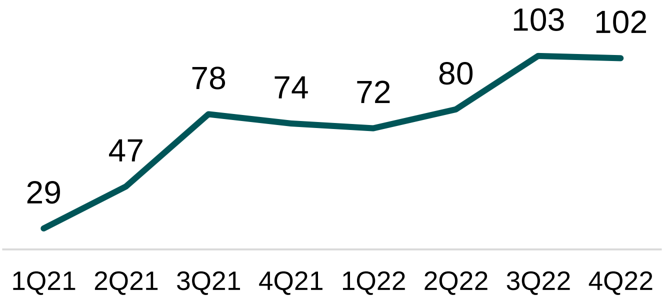
- €180M in turnover
- €59M in food and beverage purchases
- Growth of 25% in value in 2021.
- Forecasted increase in value of 57% for 2022.
- 2021 Index=58
- 2022 Index=91

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +23%**
**2022 Growth (F): +73%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +25%**
**2022 Growth (F): +57%**

Source: Bord Bia, Technomic

# 2021 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 also 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

- Coffee shops survived on takeaway during the first half of 2021; some also experimented with delivery, but most sales were generated either with digital/app-based orders and/or click-and-collect.
- Coffee shop sales also saw an increase in non-traditional locations, as operators invested in initiatives such as shipping containers and horse boxes, allowing a more mobile presence that could respond to consumer demand. More operators also emphasised outdoor seating where possible.
- Summer was a strong season for operators in tourist-forward areas; however, city centre locations remain challenged with some operators reporting sales still down 75-80% vs. pre-pandemic times.
- Some consumer return to food was noted, although consumers are not choosing sandwiches as much as previous. Bakery has started to see a recovery.

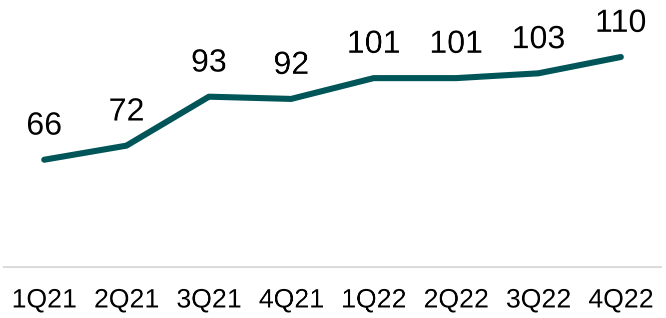
**Republic of Ireland**

- €293M in turnover
- €81M in food and beverage purchases
- Growth of 20% in value in 2021
- Forecasted increase of 28% in value in 2022
- 2021 Index=81
- 2022 Index=104

**Northern Ireland**

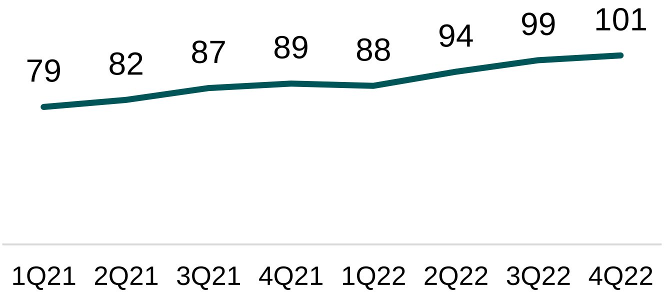
- €104 in turnover
- €29M in food and beverage purchases
- Growth of 25% in value in 2021.
- Forecasted increase in value of 14% for 2022.
- 2021 Index=86
- 2022 Index=98

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +20%**
**2022 Growth (F): +28%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +25%**
**2022 Growth (F): +14%**

Source: Bord Bia, Technomic

# 2021 Review of Hotels & Accommodations

**Segment Definition**

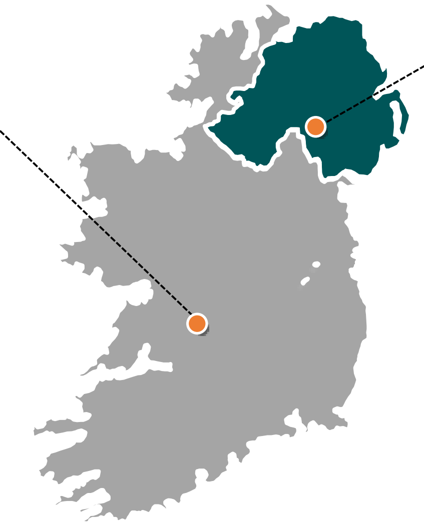
- This sector is defined by food and beverage offerings in the hotels and accommodations channel. It includes breakfast programmes, in-room dining, banquets and events, and other prepared food and beverage offered throughout the property.
- Other accommodation forms such as guest houses are included, 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**

- Hoteliers struggled for the first five months of the year with everything essentially shut down. With summer and the re-opening, Irish bookings were strong in tourist areas including the Southwest, Midlands and other rural areas, while hotels in major markets (especially Dublin) remained at depressed levels.
- The events business is a critical driver of revenue for many operators; most note that personal events like weddings are just starting to return, and most corporate events have yet to materialise. There is an expectation for a decent fourth quarter—although some of the initial bookings have begun cancelling for the last part of the year. Hoteliers do report strong optimism for 2022, particularly if/when tourism starts to return.
- With hotels allowed to have indoor diners before the restaurant community, hotels saw an earlier bounce-back compared to other types of foodservice.
- Room service remains a popular option, and many hotels have invested in technology to enable bookings for breakfast and to enable other click-and-collect options.

**Republic of Ireland**

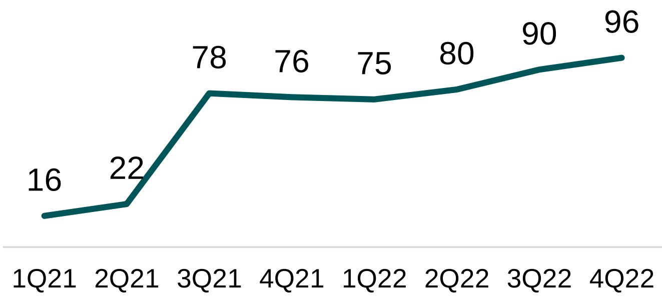
- €553M in turnover
- €186M in food and beverage purchases
- Growth of 13% in value in 2021
- Forecasted increase of 79% in value in 2022
- 2021 Index=48
- 2022 Index=85



**Northern Ireland**

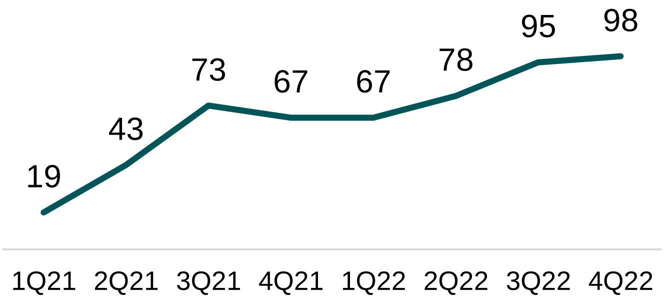
- €193M in turnover
- €64M in food and beverage purchases
- Growth of 18% in value in 2021.
- Forecasted increase in value of 67% for 2022.
- 2021 Index=51
- 2022 Index=86

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +13%**
**2022 Growth (F): +79%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +18%**
**2022 Growth (F): +67%**

Source: Bord Bia, Technomic

# 2021 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.

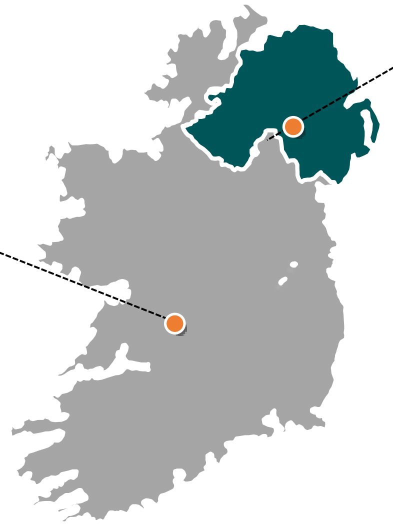
**Note that these figures are for food and non-alcohol beverages only.**

**Key Trends**

- All pubs remained closed until early June, when the ability to serve outdoor was allowed. Indoor was allowed later in July with Covid-19 vaccination certificates required to enter.
- Since July, there has been strong demand, particularly in suburban and and outlying areas. Operators often note that the younger consumer has returned quicker; older clientele have been less likely to return to date.
- With continued restrictions in place for distancing, hopes for significant bounce in the fourth quarter were tempered, but operators still believe that demand is strong and consumers will continue to return.
- In 2021, some pubs experimented with delivery and/or takeaway; much of this has been discontinued as operators found competing with restaurants and QSR was difficult. Some food programmes started in 2020 are still in place in an effort to encourage customers to return to pubs.

**Republic of Ireland**

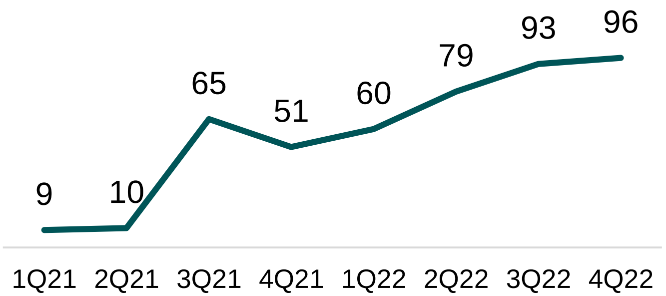
- €353M in turnover
- €113M in food and beverage purchases
- Growth of 1% in value in 2021
- Forecasted increase of 141% in value in 2022
- 2021 Index=34
- 2022 Index=82



**Northern Ireland**

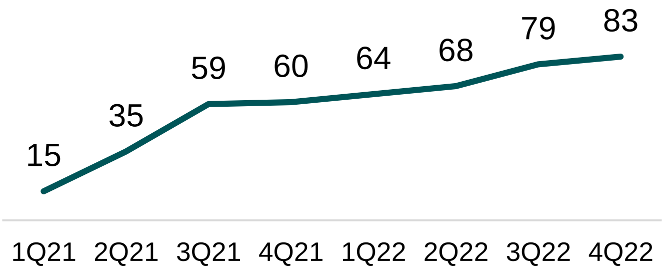
- €164M in turnover
- €52M in food and beverage purchases
- Growth of 8% in value in 2021.
- Forecasted increase in value of 73% for 2022.
- 2021 Index=43
- 2022 Index=75

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +1%**
**2022 Growth (F): +141%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +8%**
**2022 Growth (F): +73%**

Source: Bord Bia, Technomic

# 2021 Review of Other Commercial Operations

## Segment Definition

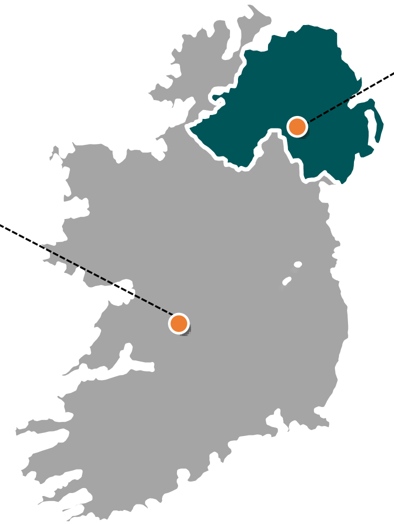
- This channel is diverse and comprises cinemas, theme parks, tourist attractions, sport venues and clubs, spas, event catering, recreational activities and cruises.
- The largest subchannel is represented by sporting events; the other key subsegment is the travel channel which includes on-board and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

## Key Trends

- This sector is only beginning to return as of the 3rd quarter of 2021; summer saw some return to tourist attractions as part of the Irish “staycation.”
- Still, operators note that much of the return to sporting events, concerts and other attractions will only occur as additional restrictions are lifted and as tourism starts to return.

**Republic of Ireland**

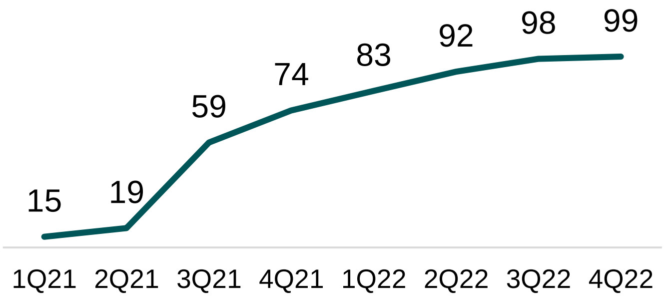
- €108M in turnover
- €39M in food and beverage purchases
- Growth of 37% in value in 2021
- Forecasted increase of 122% in value in 2022
- 2021 Index=42
- 2022 Index=93



**Northern Ireland**

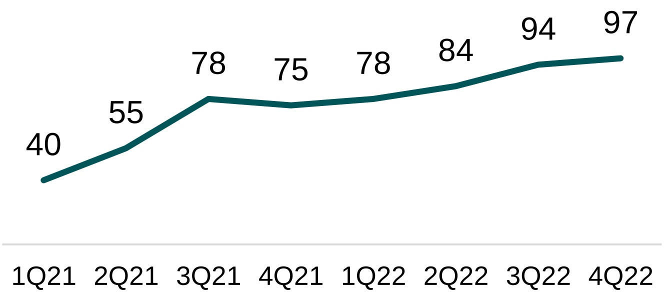
- €35M in turnover
- €13M in food and beverage purchases
- Growth of 58% in value in 2021.
- Forecasted increase in value of 80% for 2022.
- 2021 Index=49
- 2022 Index=88

**Index of Value to 2019: ROI**
**2021 and Projected 2022**




**2021 Growth: +37%**
**2022 Growth (F): +122%**

**Index of Value to 2019: NI**
**2021 and Projected 2022**




**2021 Growth: +58%**
**2022 Growth (F): +80%**

Source: Bord Bia, Technomic

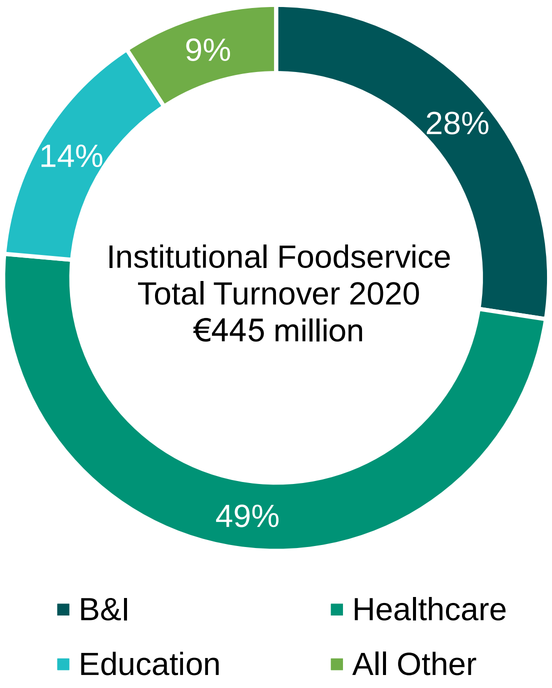
# Institutional Foodservice

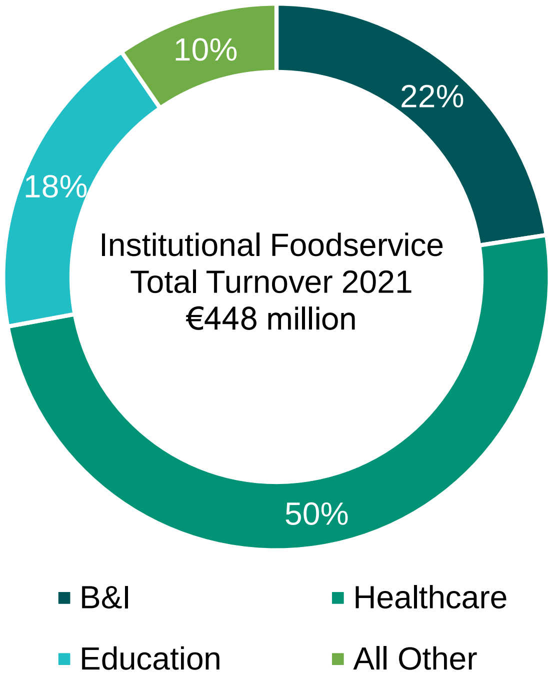
The institutional side of the foodservice industry includes food offered as a service in businesses or institutions where providing food is not the primary focus of the organisation. It includes food and beverage sold/offered in canteens and other parts of the institution and incorporates a number of 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 total institutional segment in 2021 is valued at **€448** million in consumer spending. This includes both spending in ROI and NI.

The value of this segment dropped by 42% in 2020 and has only gained back a small amount of value in 2021. As discussed on the following pages, this is due to significant shifts primarily in the B&I sector, which continues to struggle as the working from home trend has continued.

**2020/21 Change: 0.6%**
**Revenue Change: €3 million**




Source: Bord Bia, Technomic

# 2021 Review of Business & Industry (B&I)

**Segment Definition**

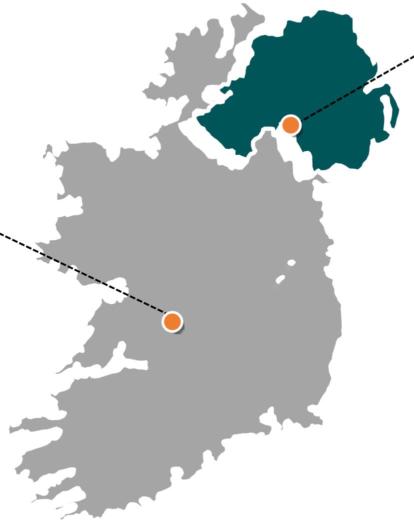
- Business and Industry is defined as catering to the workforce and includes food offered within offices, factories and remote sites.
- Menus are generally offered in three formats: fixed menus (mostly in factories), self-service menus offering choice (mainly in office catering units and canteens/cafeterias)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

**Key Trends**

- In general, white-collar offices have been closed since March 2020. There has been a small return to work seen in the third and fourth quarters of 2021, but this sector remains at levels significantly below pre-pandemic levels.
- The other part of the sector includes feeding in factories, warehouses and other “essential services,” and these areas remain fairly healthy and in some cases are seeing growth over pre-pandemic levels.
- Within businesses that are open, per-head spending remains at lower levels as canteens remain closed or with restrictions in place. Many operators comment on the potential rise in unmanned retail operations (such as micromarkets and vending) to offset traditional foodservice losses.
- Central production kitchens are being implemented to replace kitchens at certain locations, especially 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.
- Going forward, the outlook for this sector is highly tied to the ability (and willingness) of consumers to return to the office.

**Republic of Ireland**

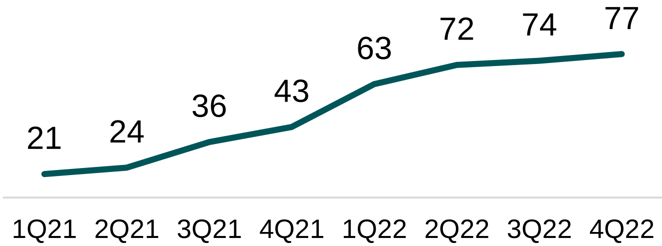
- €73M in turnover
- €36M in food and beverage purchases
- Decline of 19% in value in 2021
- Forecasted increase of 131% in value in 2022
- 2021 Index=31
- 2022 Index=72



**Northern Ireland**

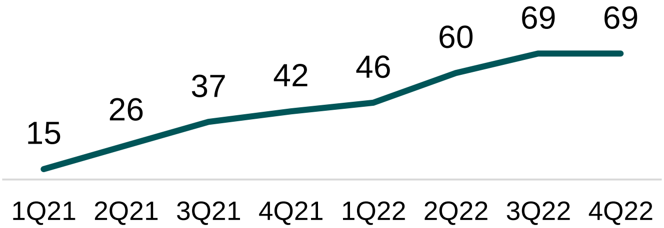
- €28M in turnover
- €14M in food and beverage purchases
- Decline of 13% in value in 2021.
- Forecasted increase in value of 104% for 2022.
- 2021 Index=31
- 2022 Index=62

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +37%**
**2022 Growth (F): +122%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +58%**
**2022 Growth (F): +80%**

Source: Bord Bia, Technomic

# 2021 Review of Healthcare

### Segment Definition

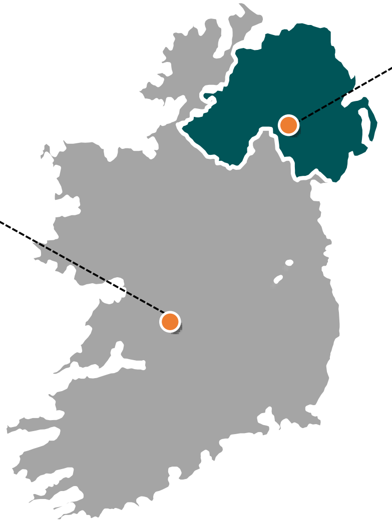
- Hospitals are institutions that serve and feed patients undergoing medical care, their guests and the staff.
- This segment includes hospitals, rehab clinics and retirement homes. It is further subclassified into private or public hospitals which, depending on the rating, will offer different culinary experiences.
- Additionally, these operators typically 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.
- The sub-sector hit hardest was hospital feeding, with visitor canteens still generally closed or restricted. There has been some return in the second half of 2021 to retail shops within hospitals, but overall volume still remains lower than pre-pandemic.
- Long-term care and senior living has been less impacted since 2020 since the volume is driven by residential dining. These areas have not declined nearly as much; there is more in-room dining but volumes have generally held up here.

**Republic of Ireland**

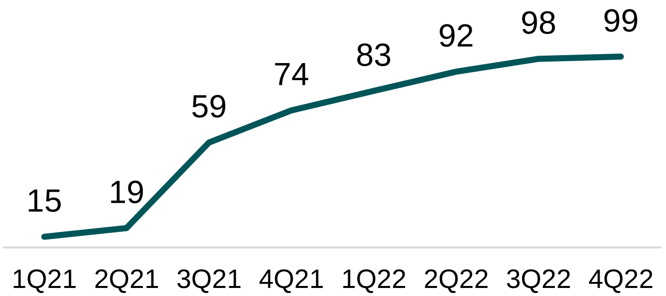
- €138M in turnover
- €72M in food and beverage purchases
- Growth of 2% in value in 2021
- Forecasted increase of 7% in value in 2022
- 2021 Index=91
- 2022 Index=98



**Northern Ireland**

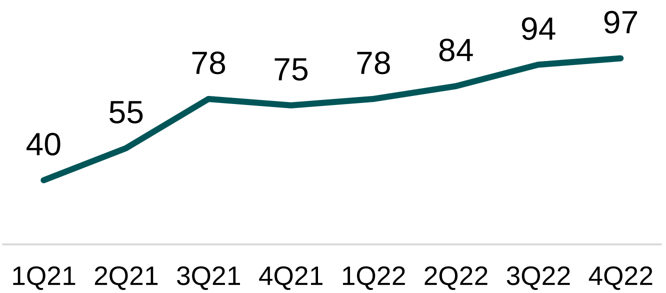
- €84M in turnover
- €43M in food and beverage purchases
- Growth of 3% in value in 2021.
- Forecasted increase in value of 6% for 2022.
- 2021 Index=93
- 2022 Index=98

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +37%**
**2022 Growth (F): +122%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +58%**
**2022 Growth (F): +80%**

Source: Bord Bia, Technomic

# 2021 Review of Education

**Segment Definition**

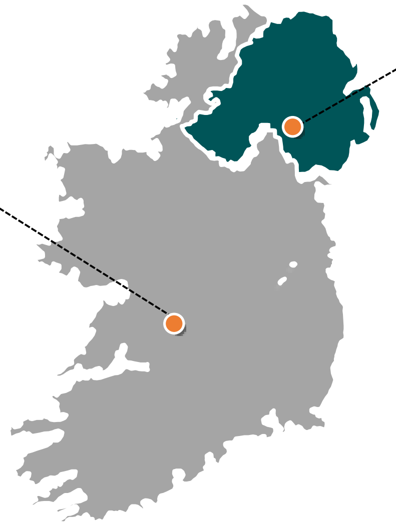
- Primary schools, secondary schools and universities make up the three key operator segments of the Education sector. These operators are in the business of providing food and beverage services to students and faculty in their place of learning. Menus are generally offered in two main formats: fixed 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 during the 2020/2021 school year and generally stayed closed throughout the summer. Some social feeding support was done during this time via a collection service, but most on-site feeding was discontinued.
- While most primary, second and third-level education restarted in the autumn of 2021, feeding on-site remains restricted and menus have been reduced.
- Within university, not all students are back on campus and remote learning remains an option—meaning that the dining population is smaller than in pre-pandemic times. Universities have responded by keeping some cafeterias closed and operating others at reduced capacity.
- Prepackaged meals remain a more commonplace item to be found.

**Republic of Ireland**

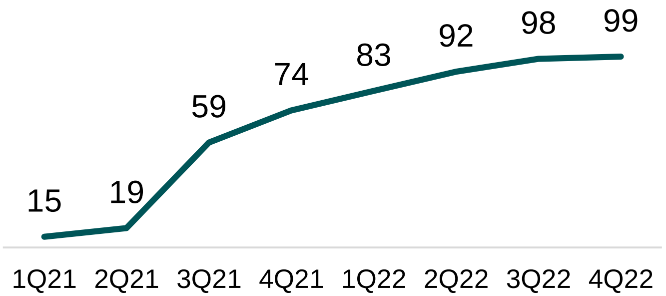
- €51M in turnover
- €24M in food and beverage purchases
- Growth of 25% in value in 2021
- Forecasted increase of 122% in value in 2022
- 2021 Index=53
- 2022 Index=98



**Northern Ireland**

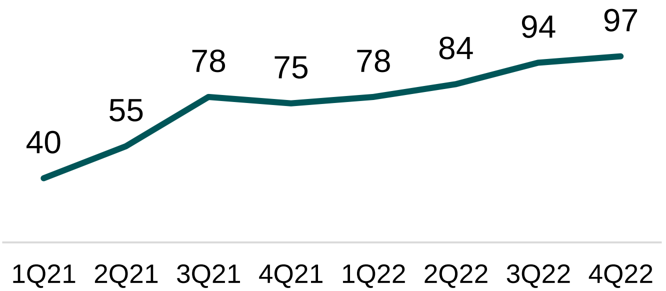
- €31M in turnover
- €14M in food and beverage purchases
- Growth of 33% in value in 2021.
- Forecasted increase in value of 86% for 2022.
- 2021 Index=55
- 2022 Index=102

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +37%**
**2022 Growth (F): +122%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +58%**
**2022 Growth (F): +80%**

Source: Bord Bia, Technomic

# 2021 Review of Other Institutional Operations

**Segment Definition**

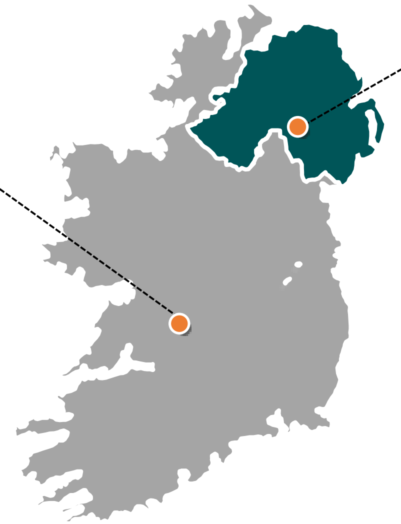
This channel includes government organisations, notably prisons and armed forces (military messes, in-field canteens and soup kitchens).

**Key Trends**

- Throughout the heights of 2020 and 2021 restrictions, this sector has remained mostly unaffected.
- Government organisations remain somewhat focused on cutting costs, but overall volumes have remained fairly steady.
- As in other sectors, cafeterias and canteens still have limitations on seating and space allocated to eat.

**Republic of Ireland**

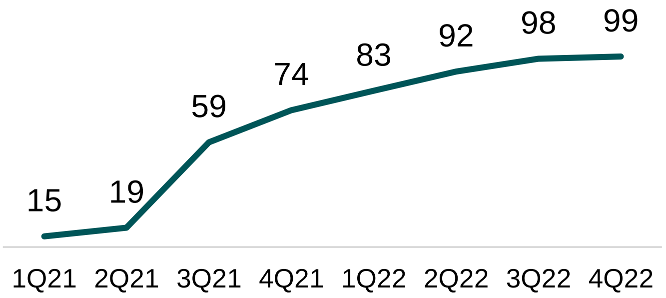
- €33M in turnover
- €15M in food and beverage purchases
- Growth of 5% in value in 2021
- Forecasted increase of 2% in value in 2022
- 2021 Index=101
- 2022 Index=103



**Northern Ireland**

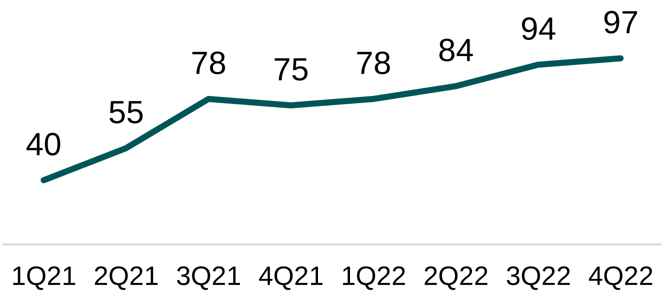
- €9M in turnover
- €4M in food and beverage purchases
- Growth of 3% in value in 2021.
- Forecasted increase in value of 3% for 2022.
- 2021 Index=99
- 2022 Index=102

**Index of Value to 2019: ROI 2021 and Projected 2022**




**2021 Growth: +37%**
**2022 Growth (F): +122%**

**Index of Value to 2019: NI 2021 and Projected 2022**




**2021 Growth: +58%**
**2022 Growth (F): +80%**

Source: Bord Bia, Technomic

# Section Seven:

## Product Insights

BORD BIA
IRISH FOOD BOARD

# Product Trends Noted in 2021

### 1. Menus have been shifting to accommodate supply chain challenges

As noted earlier, supply chain issues have impacted operators of all types, and many have had to be more flexible around their daily menu offer to their customers due to uncertainty around whether a product will be available to them or not. While menus are somewhat larger than they were during the height of the lockdowns in 2020, operators generally note that they have yet to significantly expand their menus due to supply concerns.

### 2. Operators notice a renewed demand in health and wellness among consumers

Health and wellness has seen an upward surge, and many operators note the return to vegan diets (or, if not totally vegan, flexitarian). While indulgence still is a critical selling point that saw growing consumer demand in 2020, this year has seen a return to consumer interest in, and demand for, nutritional, healthy menu items. Plant-based items of all types are in particularly high demand.

### 3. Local sourcing continues to grow in importance

With supply chain issues paramount and a return to health and wellness, this has also led to a greater interest in sourcing local products. Irish-sourced products are in high demand, and operators are being asked to talk about the provenance of their menu items to a degree not seen since before the pandemic.

### 4. Menu sustainability is the next horizon

With all of the issues around sustainability, operators note that consumers are looking for hard data and science-based input around menus, and many operators are looking at the broader sustainability of their entire menu (including attempting to achieve milestones such as net zero carbon menus). For many operators, this is becoming the competitive differentiation, and they are increasingly demanding an array of information on product categories beyond just nutritional information. The industry must be prepared to be more transparent around the net impact of its entire supply chain on industry sustainability targets.

### 5. Re-thinking packaging

While single use packaging volume exploded during the pandemic, operators are attempting to use less—despite elevated levels of off-premise sales. However, beyond single-use packaging, operators are beginning to demand less packaging from their suppliers; with sustainability initiatives gearing back up, packaging is an area that many operators are looking to their suppliers to see reductions—which in turn is helpful for the operators' story on sustainability.

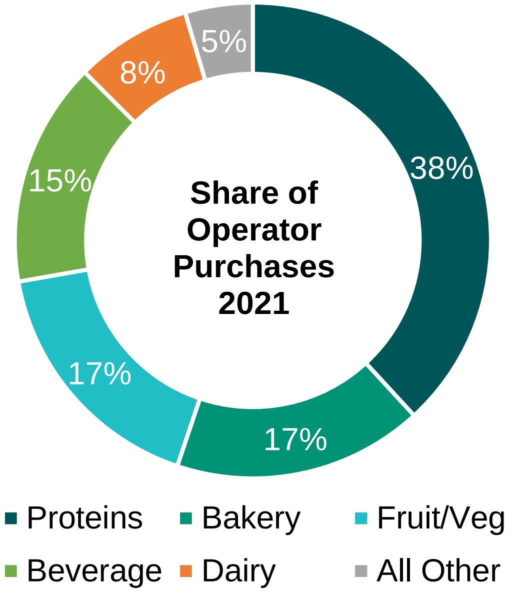
# Product Category Segmentation, 2021

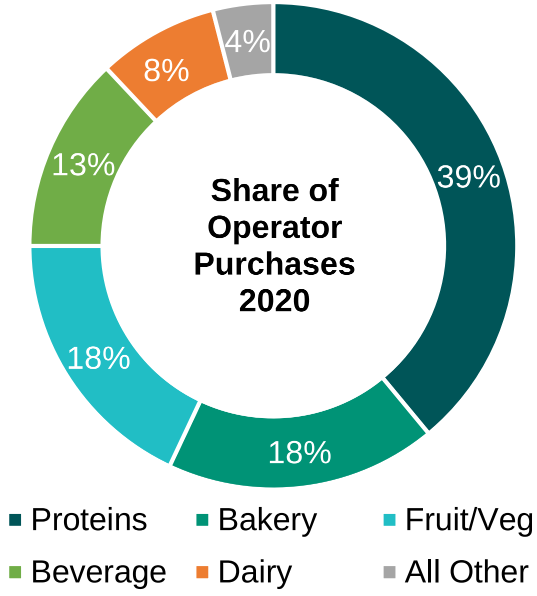
Given their central importance to the menu, proteins account for the greatest share of operator food purchases. In 2021, proteins made up 38% of the total value of operator purchases. This figure is stable relative to last year. Bakery, fruit and vegetables, and beverages remain the next largest categories. One notable difference is the recovery in beverage; this category declined by 50% in 2020 and has rebounded by growing 35% in 2021.

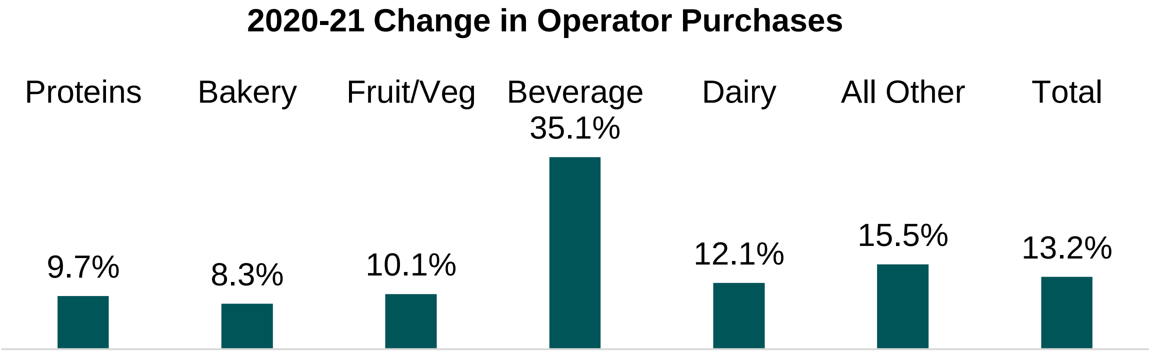
Purchases are calculated as growing at a slightly lower rate than the industry, but this is likely to change as inflation has begun to soar in the second half of the year. Supply chain issues are having a significant impact on operators' ability to offer a consistent menu, and menu price increases will likely continue to accelerate as food and beverage costs grow.

Note that "all other" figure 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 growth here is indicative of the continued need (albeit slowing) of takeaway packaging and single use products; many operators have worked to reduce their overall dependence on single use packaging.

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.




Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

# Foodservice Product by Value, 2021

Fruit, vegetables, poultry, beef and bread/bakery (non-sweet) account for approximately half of operator purchases. While these top four categories have held their position for some time, the overall for these categories has fallen slightly as operators have shown growth in other categories.

The figures shown here include all purchases on the island of Ireland and as are an aggregate of both ROI purchases as well as  purchases made in Northern Ireland (with the value converted to Euro). They include all food and non-alcohol beverage items.

| Product Category | Estimated Change 2020-21 | 2021 Operator Purchases (€ millions) | Share of Total (%) |
|---|---|---|---|
| Fruit/Vegetables | 10.1% | € 307 | 17% |
| Poultry | 13.0% | € 233 | 13% |
| Beef | 9.0% | € 182 | 10% |
| Bread/Bakery Savoury | 10.1% | € 183 | 10% |
| Bacon | 6.1% | € 136 | 8% |
| Dairy | 12.1% | € 141 | 8% |
| Sweet Bakery | 5.2% | € 87 | 5% |
| Pork | 8.9% | € 72 | 4% |
| Seafood | 7.8% | € 48 | 3% |
| Grocery | 13.0% | € 29 | 2% |
| Confectionery | 6.1% | € 16 | 1% |
| Desserts | 6.9% | € 18 | 1% |
| Lamb | 10.1% | € 14 | 1% |
| Beverage (Non-alcohol) | 35.1% | € 274 | 15% |
| All Other | 17.0% | € 53 | 3% |
| **Total** | **13.2%** | **€ 1,791** | **100%** |

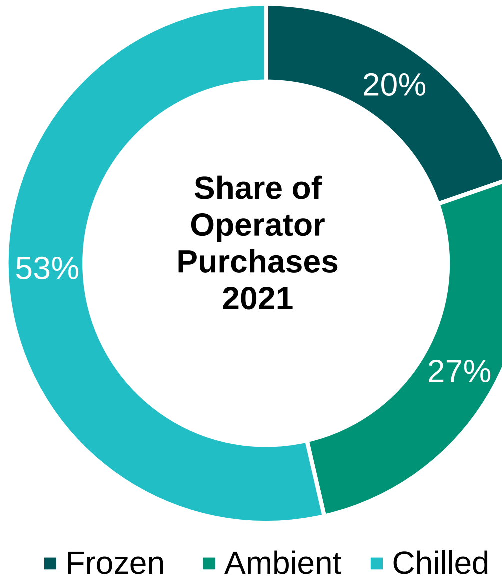
Source: Bord Bia, Technomic
Note: Figures for previous years have in some instances been updated

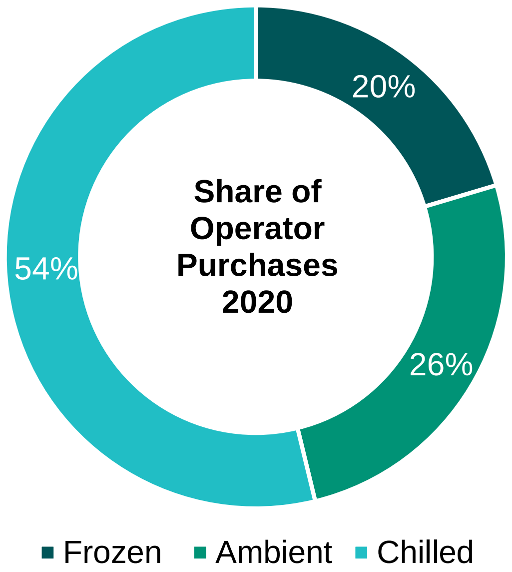
# Temperature Mix, 2021

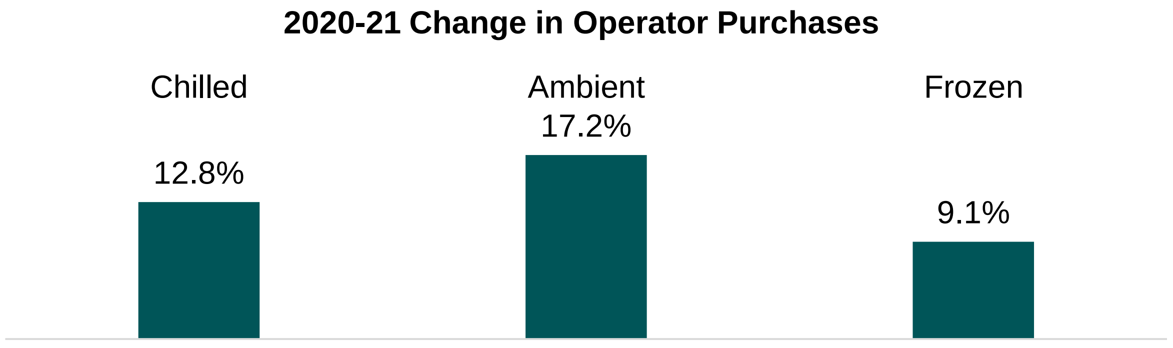
During the height of restrictions imposed in 2020, chilled and frozen foods saw greater declines than ambient foods. In 2021, there has been some bounce-back in both of these temperature formats, although frozen has been somewhat slower to return. Chilled foods, particularly as consumer demand for “fresh” items has seen some renewed growth, has increased in value by 13% in 2021.

Ambient products, however, remain a fast-growing part of the industry. To some degree, this represents a return to growth for many beverage products that are sold to operators in a ambient temperature, including coffee and other bottled beverages (excluding dairy). Operators have also been somewhat wary of the waste and spoilage that was experienced earlier and are still buying ambient grocery items at rates higher than they were pre-pandemic.

As noted on earlier pages, the figures shown here include all purchases on the island of Ireland and are an aggregate of both ROI purchases as well as purchases made in Northern Ireland (with the value converted to Euro). They include all food and non-alcohol beverage items.



# Section Eight:

## Appendix

BORD BIA
IRISH FOOD BOARD

# 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 and 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.

# Market Modelling Approach and Methodology

### Forecasting Approach

For 2021, the model is built on a month-by-month evaluation of the impact of COVID-19 against the baseline 2019 monthly revenue numbers. This creates an index of recovery, where reaching a level of 100 means that 2019 revenue levels have been achieved. Throughout this report, industry recovery is reported not only in nominal (i.e. value) growth figures, but also using an index comparing results to 2019.

The modeling accounts for the varying levels of sales from month to month based on broader industry research conducted for this report.

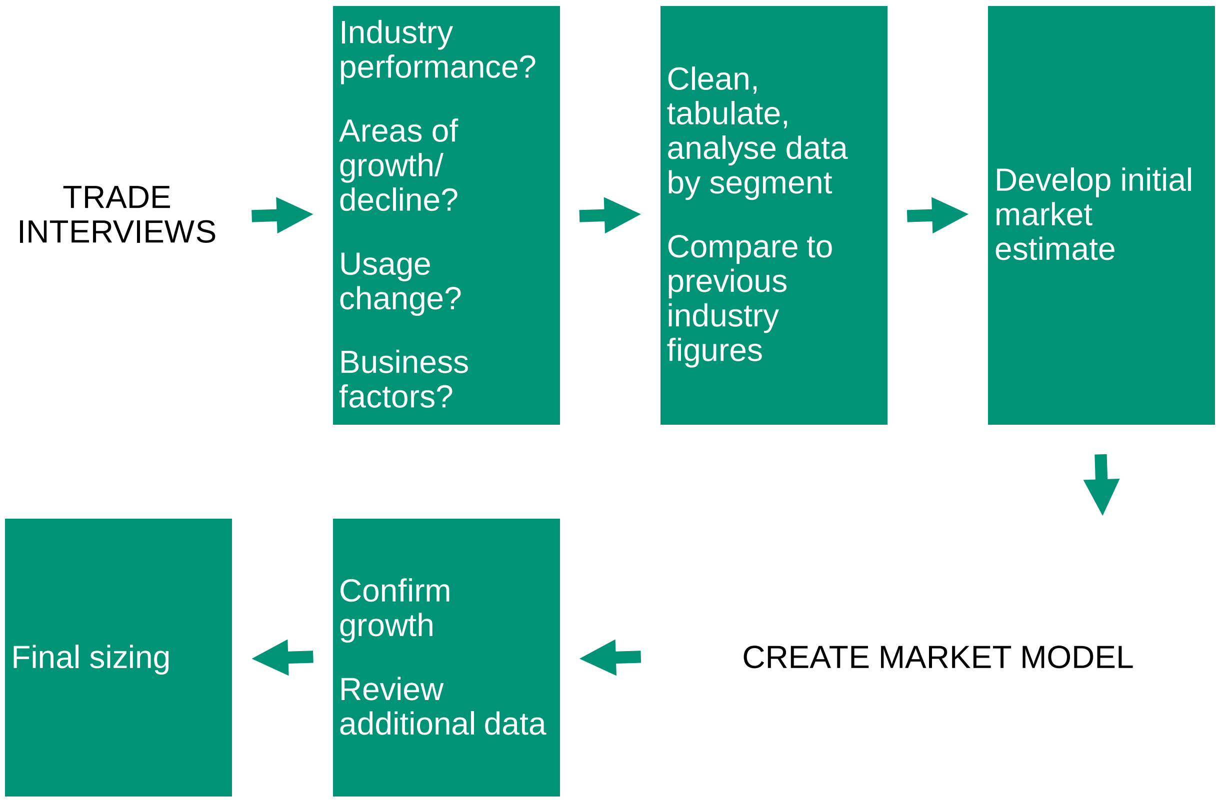
Various historical and forecast inputs are employed in the model and are drawn from industry inputs and prior research.

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

The illustration to the right 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.

### Market Modeling Process



# Glossary of Terms

| Term | Definition |
|---|---|
| Business & Industry (B&I) | Includes foodservice operations within company and corporation locations, office complexes, plants, factories, etc. Note that this includes both white collar office locations as well as blue collar locations including logistics hubs, production facilities and 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

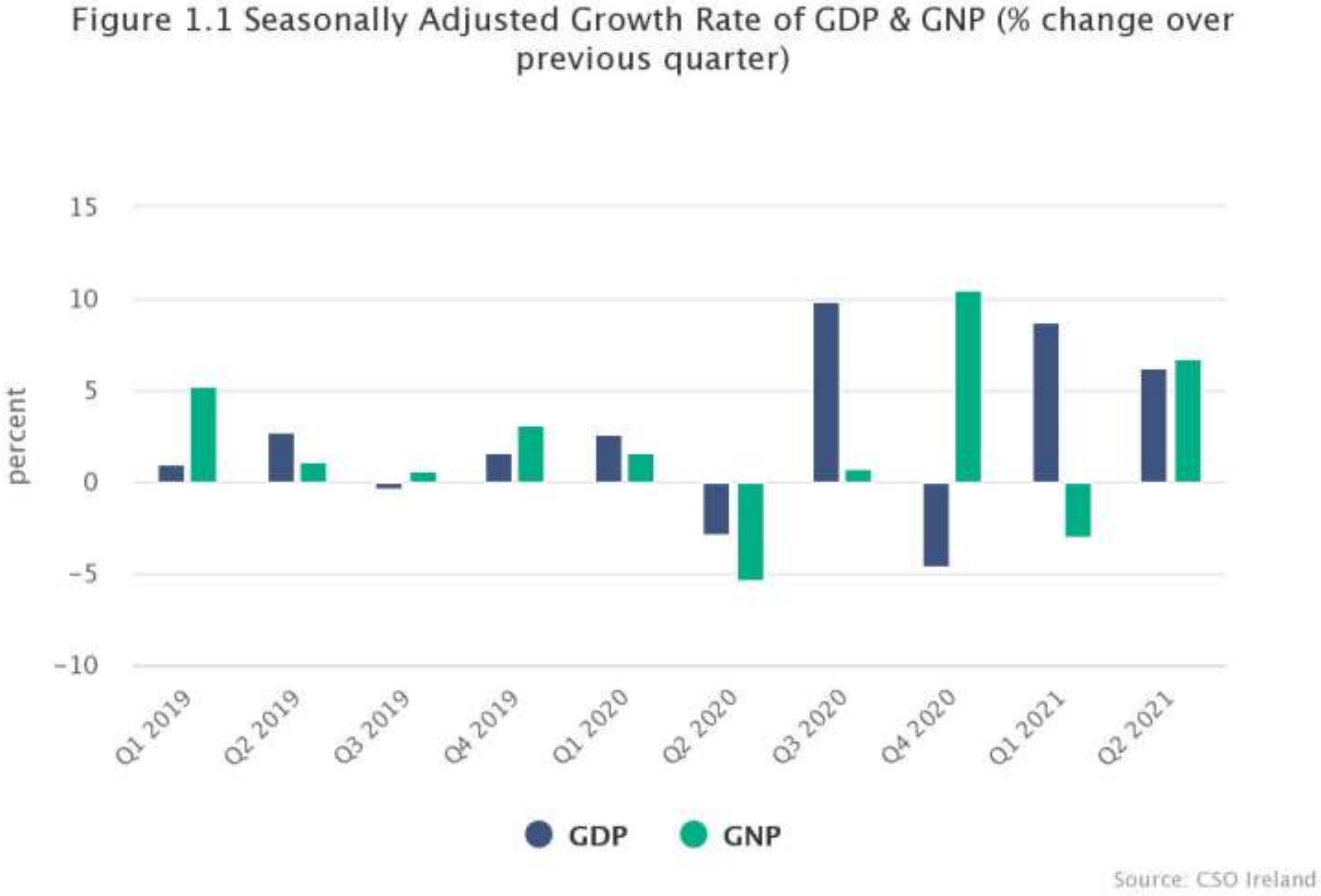
| Term | Definition |
|---|---|
| Full-Service Restaurant (FSR) | Restaurants that offer table service and waiting staff |
| Hotel & Accommodations | Hotels and resorts that are primarily engaged in providing short-term lodging. Establishments may offer food and beverage services including restaurants, 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 |

# Macroeconomic Factors

| Term | Definition |
|---|---|
| Gross Domestic Product (GDP) and Gross National Product (GNP) | 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 |
| Unemployment Rates | 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 |
| Overseas Arrivals to Ireland | Data on the number of visitors to ROI for 2019, 2020 and partial 2021. Tourism is a key metric that will have an outsized impact on Ireland’s foodservice industry. |

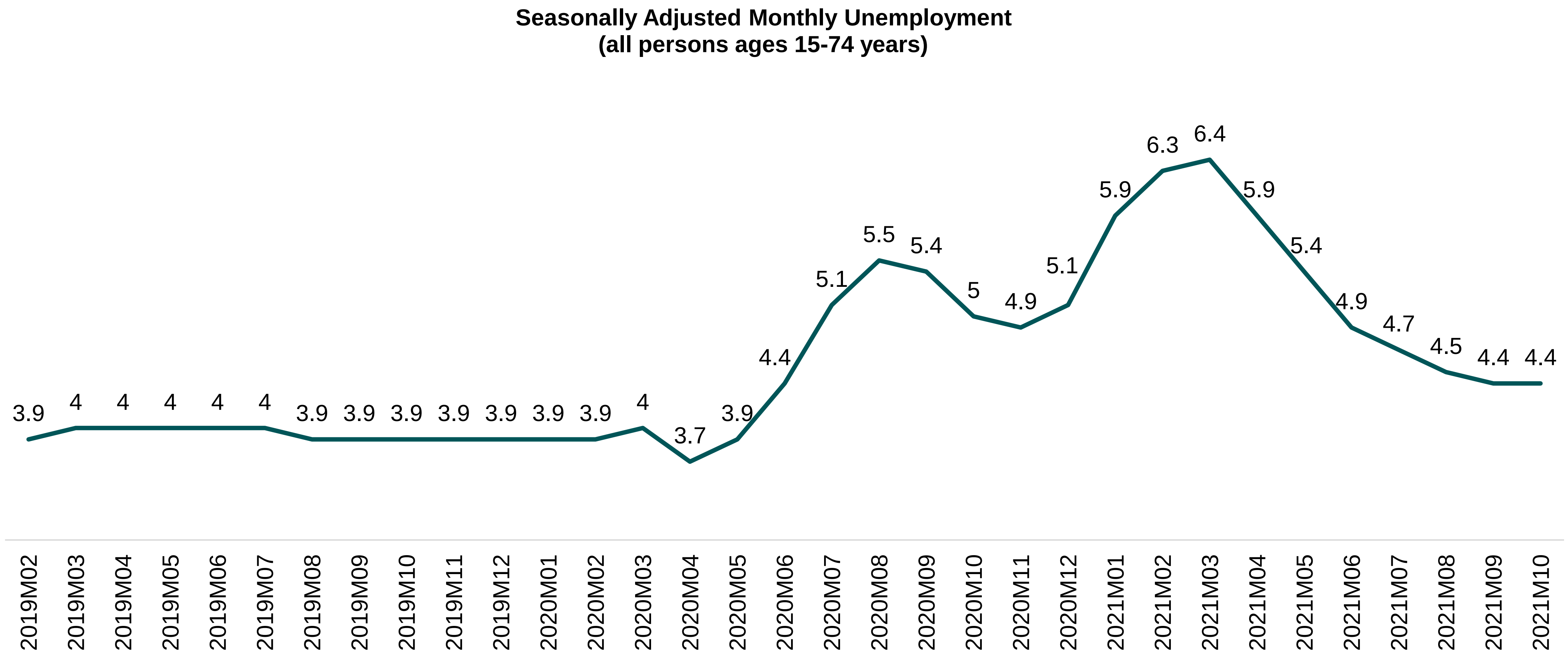
# Growth Rates of Gross Domestic Product and Gross National Product

% change over previous quarter



# ROI Unemployment Rate

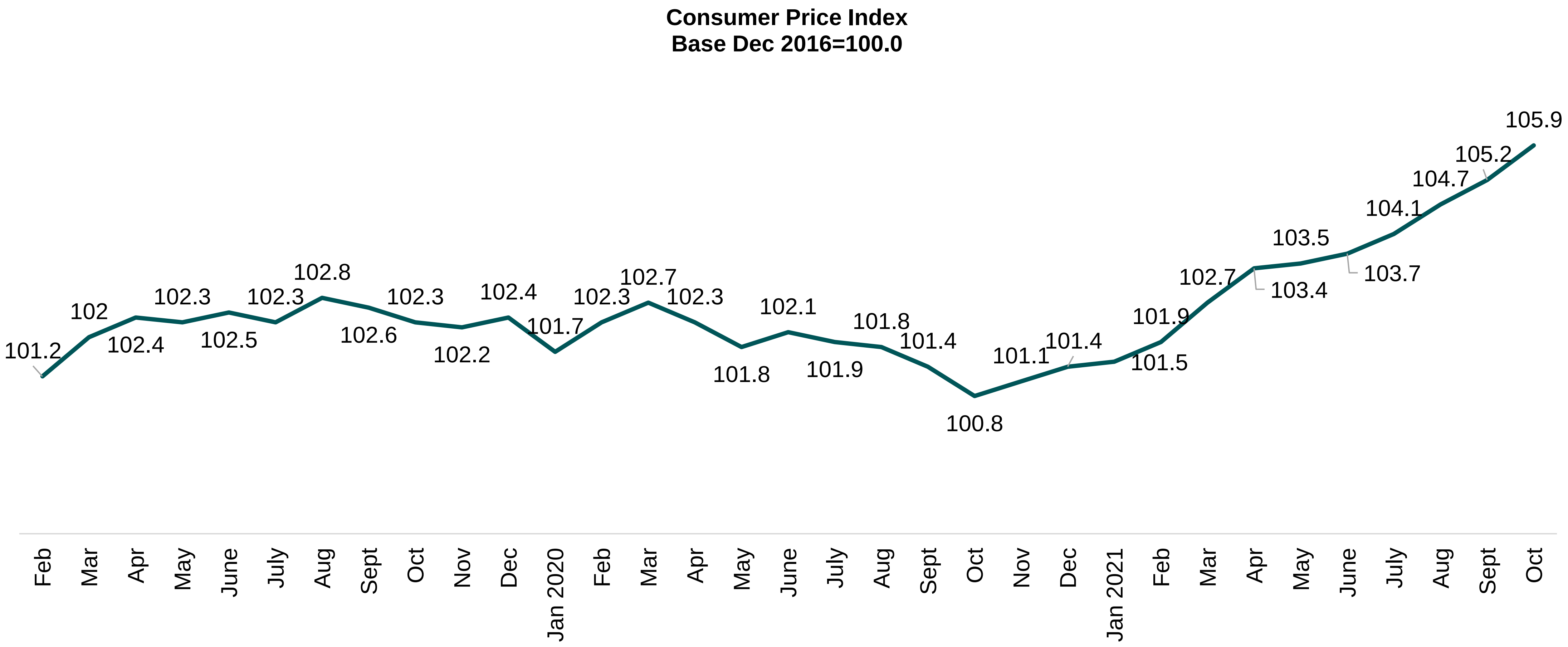
## 2019 through 2021




Source: Central Statistics Office

# Consumer Price Index, ROI

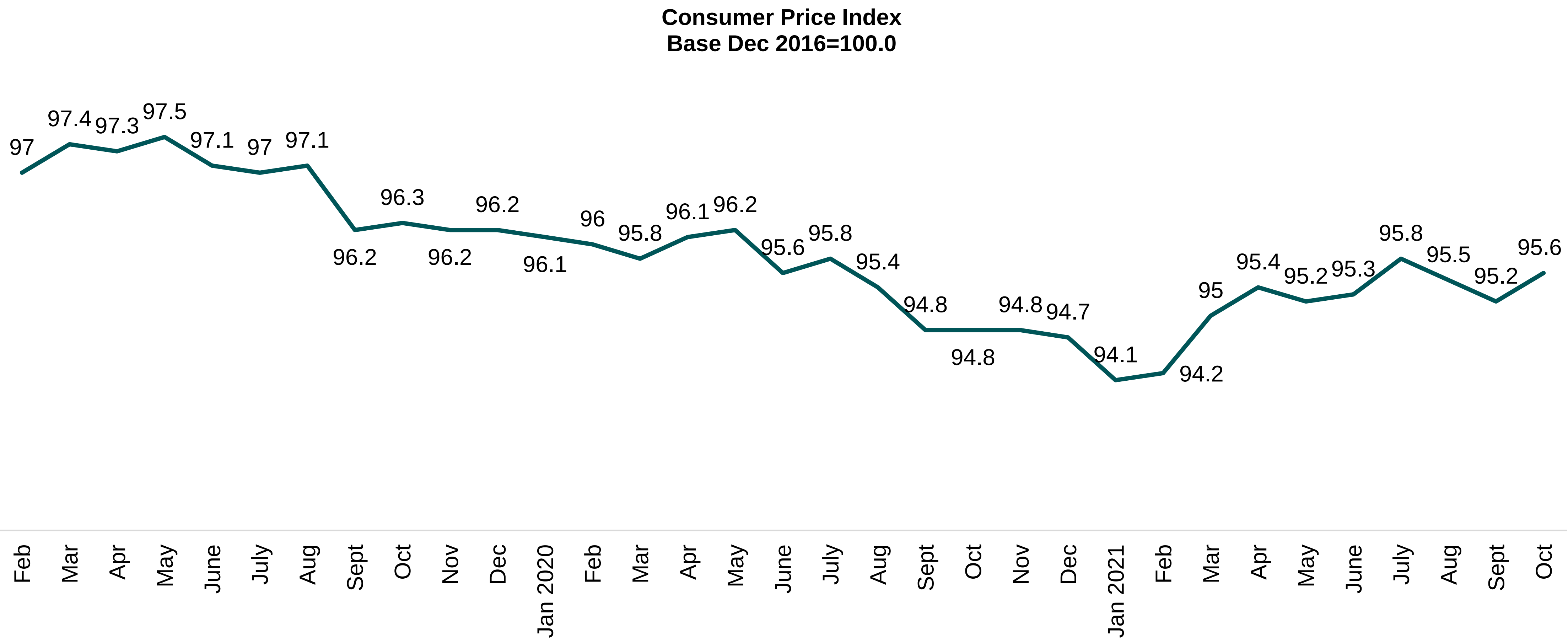
## All Items




Base: 100=December 2016
Source: Central Statistics Office

# Consumer Price Index, ROI

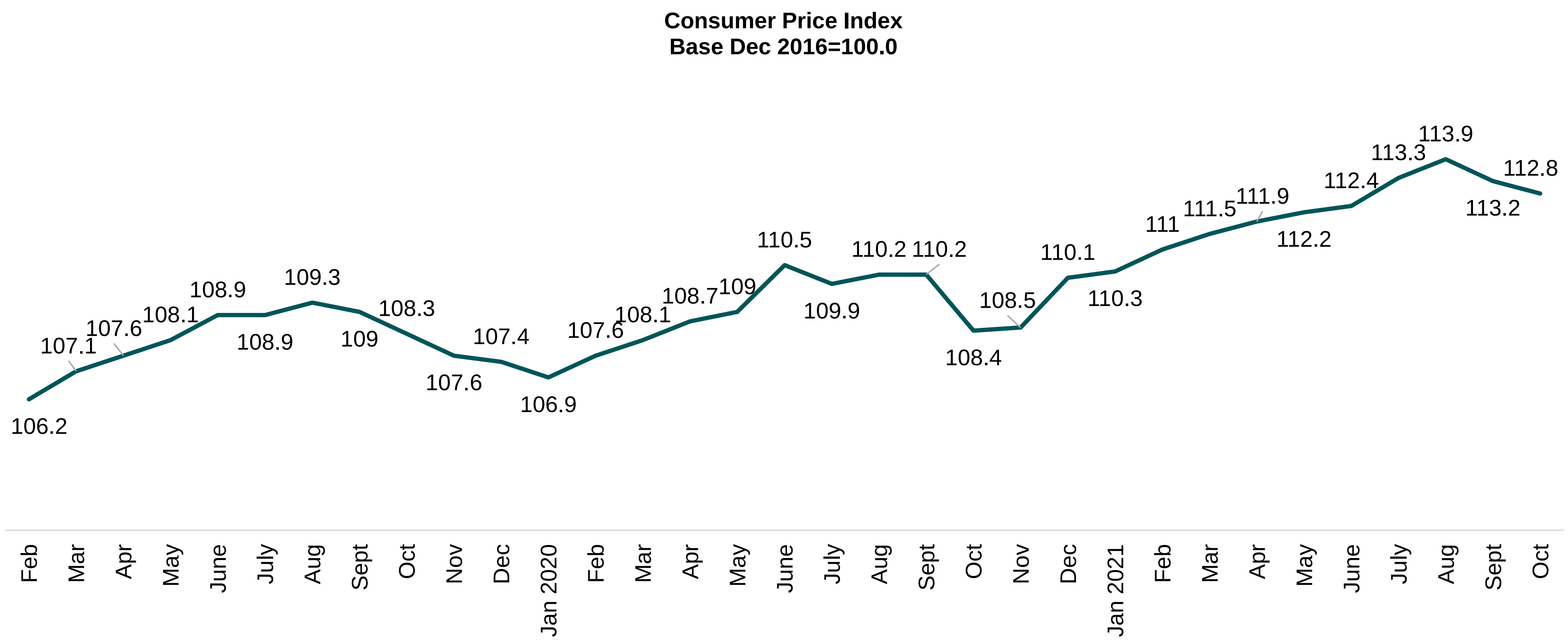
## Food and Nonalcohol Beverage




Base: 100=December 2001
Source: Central Statistics Office

# Consumer Price Index

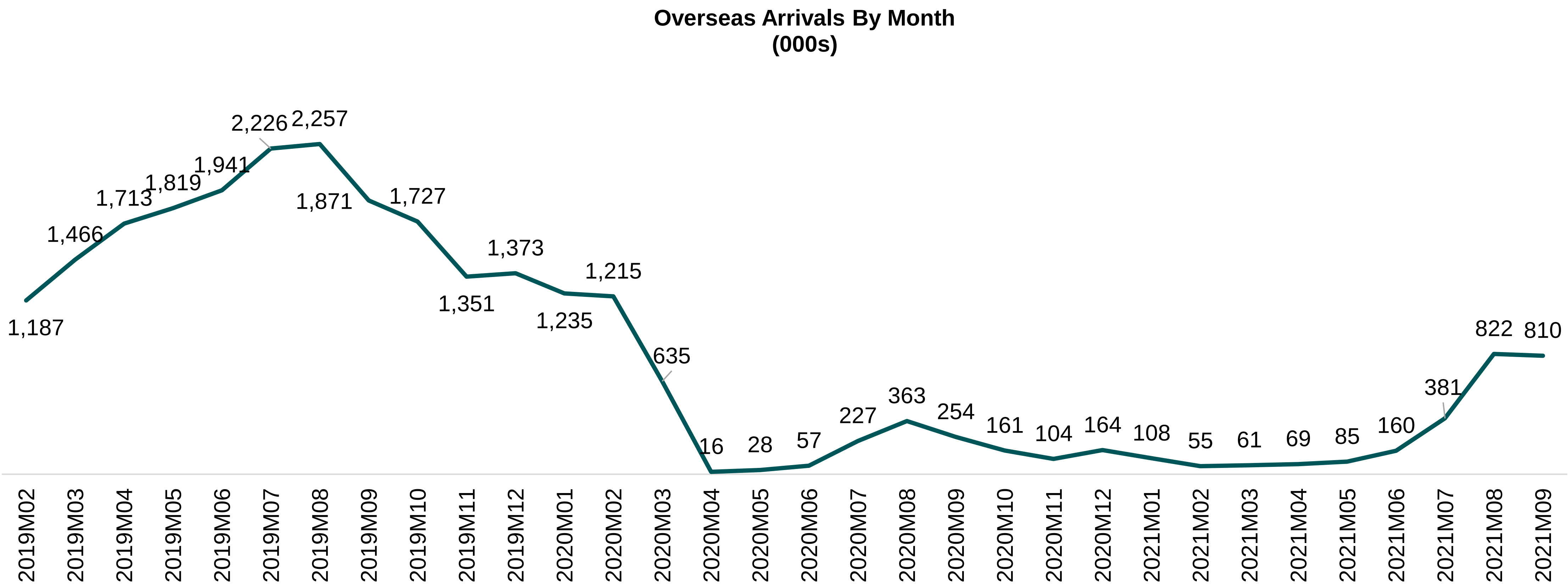
## Restaurants and Hotels—ROI




Base: 100=December 2001
Source: Central Statistics Office

# Overseas Arrivals to ROI

## 2019-2021




Source: Central Statistics Office