



Takeaway and Fast-Food Restaurants in the UK

All information correct as at 15.03.19

Information Source: 
WHERE KNOWLEDGE IS POWER

Takeaway and Fast-Food Restaurants in the UK: Sector Overview

What trends are shaping the industry?

The Takeaway and Fast-Food Restaurants industry has grown at a steady pace over the past five years. Improving economic conditions and falling unemployment helped to boost disposable incomes and led to greater demand for quick and convenient food. In recent years, time-poor consumers have embraced delivery services, with major chains like McDonalds and Burger King now offering delivery services via third-party sites. The growth of online ordering sites over the past five years has opened up the market and helped to increase consumer expenditure on industry products thanks to the more convenient ordering process. However, these sites have also fuelled greater price competition between establishments as consumers are better able to compare prices. A rise in health consciousness over the period has also supported the growth of new menu offerings and establishments offering healthier cuisines, like Japanese food. Industry revenue is expected to increase at a compound annual rate of 1.9% over the five years through 2018-19, including an expected 1.3% growth in the current year, to reach £19.1bn.

The Outlook

The Takeaway and Fast-Food Restaurants industry is expected to record solid growth over the next five years despite difficult conditions in the wider economy as ongoing negotiations regarding the UK's exit from the European Union weigh on economic growth. The growth of online ordering sites and mobile apps has allowed consumers to more effectively compare costs between restaurant menus, putting greater pressure on operators to compete on price. The continuation of this trend is expected to weigh on profit margin growth over the next five years. Although the ease of ordering via a mobile phone is likely to support industry growth, the effect may be challenged by the rising popularity of home cooking, which is likely to continue to be spurred on by TV chefs and innovative cooking programmes. Rising health awareness is also expected to squeeze demand for high-fat takeaway options while supporting operators that have responded to these concerns by providing low-fat, healthy alternatives such as pasta, salad and healthy wraps and sandwiches. Industry revenue is expected to expand at a compound annual rate of 2.1% over the five years through 2023-24 to reach £21.1bn.

Key Statistics

Revenue

£19.1bn

Annual Growth 14-19

1.9%

Annual Growth 19-24

2.1%

Profit

£1.6bn

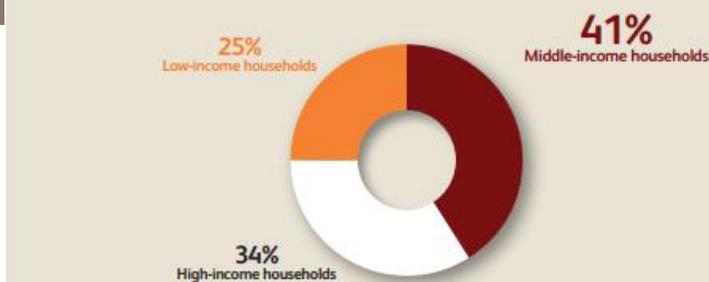
Wages

£5.3bn

Businesses

42,154

Major market segmentation (2018-19)



Total £19.1bn

SOURCE: WWW.IBISWORLD.CO.UK

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Regional Insights



London and the South East

- London and South East account for a large proportion of establishments, with a combined 31.7% of establishments located in the regions, 19.2% in London and 12.5% in the South East. These are also the UK's most populous regions, although the regions' combined share of establishments still outstrips their share of population. This is largely because these regions also have higher levels of disposable income than other UK regions; consumers in these regions are therefore more likely to purchase fast-food or a takeaway. Additionally, a high number of workers commute to London from other regions, so are likely to purchase fast food while they are away from home.

Other regions

- The North West accounts for an estimated 10.5% of the industry's share of establishments, slightly under its share of population at 11.0%. However, consumers in this area have lower disposable incomes than London and the South East. Most other regions have similar industry shares in line with their population share.

Sector Trends

Demand from full-service restaurants

Industry operators are subject to external competition from full-service restaurants. Demand from full-service restaurants acts as a proxy for competition within this industry. Consumer demand for full-service restaurants has remained resilient over the past five years, supported by changing consumer tastes and rising disposable income levels during the first half of the period. Demand from full-service restaurants is forecast to increase during 2018-19, representing a threat to industry revenue.

Household expenditure on food and non-alcoholic beverages

Industry revenue growth is sensitive to changes in consumer spending. When household expenditure on food and non-alcoholic beverages falls, consumers are less likely to spend on discretionary food purchases such as fast-food. Household expenditure on food and non-alcoholic beverages is expected to rise slightly in 2018-19.

Average weekly hours of work

A major driving force for the industry has been consumers' desire for convenience. Consumers with busier lifestyles who work more hours are more likely to eat at fast-food restaurants or order takeaways than to cook for themselves. The average weekly hours of work is expected to rise slightly from an already high level in 2018-19, which is an opportunity for operators.

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